



The Hofstede's Culture Difference Research in the Chinese Mergers and Acquisitions International Company

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Organisation Theory

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ABBREVIATIONS

M&A	Mergers and acquisitions
PDI	Power distance
UAI	Uncertainty avoidance
IDV	Collectivism vs. individualism
MAS	Masculinity vs. femininity
LTO	Long-term orientation vs. short-term orientation

CHAPTER ONE INTRODUCTION

1.1 Introduction

In Hofstede's research, the data are always same. Comparing Hofstede (2001) with Hofstede (1980), Smith (2002: 119, 130) comments: "This book is of course a new edition, not a new study." However, the time has been changed and situation might be different too. So I am wondering that some dimensions' comparative ranks have been changed.

My research deals with the problem - *is Hofstede's research still true when we study cultural differences in a Chinese international organization?*

Chinese ancestors call China "Zhong Guo", which means at the middle of the world. Since Columbus discovered the New World, Chinese realized their lands are no long in the middle of world. China has an opportunity to meet people all over the world. However, this new era, do we thoroughly understand the world outside? How to understand and communicate people who have different cultural background and history? Cultural differences present themselves in the very basics of everyday lives. Cultural opacity takes place when it is unique. This may occur when some culture concepts are transposed from one cultural setting to another. For instance, the American conception of "privacy" sounds more like an alien notion than an individual right to many people living in China - Chinese culture is missing a similar social norm. Some other similar example, like "program," (which is a popular term in the U.S.), may not be able to translate into an exact, equivalent Chinese world because of the different meanings in various contexts.

After China opening to the outside world, Chinese accept the information from the world, especially from United States. For instance, Hollywood movie and TV

show, fast food industries (most popular players like KFC and McDonald). Chinese firms use Microsoft computer program, and use their techniques in everywhere and everyday. We try to act like real American - people are being extroverted, respectful; Chinese society is having a more complete, transparent law or rules than in early times. Chinese people learn a lot from Americans, in other words Chinese culture influenced by American culture right now.

The enterprises are intended to gain competitive production power in the new global economic atmosphere. Therefore, the cross-border mergers and acquisitions (M&A) are the most common ways of development international enterprises (see the background of M&A at paragraph 1.2). Chinese firms participate in this M&A competition. Chinese firms buyout foreign company and became an international company, Chinese employees and foreign employees work together. They have different reactions or opinions when facing the same issue. For example, Chinese people love drinking tea while American people drink coffee instead. What kind of machine should be placed in the lounge? How would it depend on the appearance of employees in the department? This is because they are from the different culture background. Social systems can exist only because behavior is not random, but to some extent predictable. Each prediction of behavior we try to take both the person and the situation into account (Culture and Organization, 1981, pp15). The main emphasis of understanding culture is not on economics, politics, or history, but on the subtle yet powerful impact of culturally conditioned behavior on the conduct of international business (Hall & Hall, 1990, pp. xii).

From above, Chinese culture might be similar with American culture. When Chinese and American work in an M&A international company, their cultural value might be changed compare with Hofstede's research. The aim of my research is to figure out the possibility of people changing cultural value when they work in an M&A international company. This part will also base on studying a Chinese M&A international company, Lenovo, continuously.

1.2 About Hofstede's culture differences

Hofstede was an engineer before he joined the IBM international. After working in IBM, he worked as management trainer and founded the Personnel Research Department. From his job, he collected employee's opinion surveys in over 70 national subsidiaries of IBM around the world (Greet Hofstede, 2011). He collected data in 1970s, this database with 100,000 questionnaires and it is one of the largest cross-national databases. He began to analyze those data and discovered that there are magnificent differences in the multiple culture organizations. After many lessons and efforts given by the different audiences, Geert Hofstede published the first edition – "Cultures and Organizations: Software of the Mind" in 1980. I appreciate him establishing a gigantic cross-national database. His research field was no longer excited in the engineering; however, it expanded to psychology.

Perhaps forty years ago, Chinese enterprises did not have to know outside world. However, with the companies need to grow up, the expectation of development is so eager. The preparation job need to do is to know what are other country people thinking, feeling and acting. Hofstede called it *mental program*. In his book, he gave a clear ranking figure to show over 70 national cultures. We could get some general consciousness what those countries' people thinking. It is helpful to those international company managers to understand their multinational employees and draw up an appropriate policy. In my opinion, Hofstede's database is collected from 1970s. In China, there might be changes during two decades. Our culture has been tremendously influenced by western culture, especially by American culture. Macdonald's, KFC and Starbucks everywhere, young people love watch American TV program, more and more people like coffee.

Hofstede collected data from IBM, while my research object is Chinese company called Lenovo which had merged IBM PC department. At present, American IBM

employees came to China and worked in Lenovo that is for helping Lenovo merge well. Whatever the Hofstede's respondents or some of my respondents, they are all worked for IBM. Are those multinational employees who worked in Lenovo influence by other country's culture? Are there any changes of culture norms value? It is a comparable and interesting topic.

Hofstede and his colleagues continue research culture differences till now, meanwhile, they made the new version questionnaire: The 2008 version of Values Survey Module. 2008 version brought out new dimensions: Indulgence versus Restraint, and Monumentalism versus Self-Effacement (or Flexumility) (Hofstede, 2009).

However, Hofstede (2009) announced the VSM 2008 includes the experimental content, researcher is not professional expert, the old version is easier to control. My research is going to concentrate on the old version, Hofstede five dimensions: Power distance (PD), Uncertainty avoidance (UA), Collectivism vs. individualism (IDV), Masculinity vs. femininity (MAS) and Long-term orientation vs. short-term orientation (LTO).

1.3 Cultural differences in the organizational management

After Hofstede quoted a story about twelve angry jurors and said:

“Different minds but common problems...The world is full of confrontations between people, groups, and nations who think, feel, and act differently. At the same time, these people, groups, and nations, just like our twelve angry men, are exposed to common problems that demand cooperation for their solution (Hofstede & Hofstede, 2005, p. 2).”

From these statements we could know: a good cooperation needs a clear understanding. Cultural differences influence the business working.

This research will help the people who work in a multiple-nation company to understand their colleagues easily. The M&A international company employees are from different countries. They work together and deal with the same case almost everyday. There might be many confrontations happened everyday too. A beneficial cooperation is the most influential factor in their daily working. Communication could promote the cooperation. However, it is easy to lose the communication without cultural understanding. The employees cannot stand on own national value to understand other countries' people behaviors.

According to above paragraphs, "performance base on the culture", the national culture affects the cooperation. In other words, the managers have to know how to manage the multinational employees to work together. The multinational employees need to know how to communicate each other smoothly under other national value. Some questions proposed along: does the national culture affect the organizational culture? Furthermore, the influences of cultural differences reflect on management directly, how the cultural differences affect the management?

If we know about how the cultural differences affect organizational management, then will know my research is meaningful. Studying cultural differences is for management in the international company.

National culture influences the personal behavior, then personal behavior affect organization behavior. Indeed, the cultural differences impact organization behavior that is complicated and delicate process. However overall, the impact of culture on organizational behavior mainly conducted in three areas: the decision-making, interpersonal relationship and communication (Zhao & Zhang, 2005, p35).

1.3.1 Decision-making

There are two possibilities in decision-making influenced by the cultural differences. First, decision-makers are often based on their own cultural background to make judgments on information from different cultural backgrounds (Zhao & Zhang, 2005, p35). It is inevitable in multinational corporations operating. People may be consciously or not based on their values to make judgments. The only things can improve is to be aware of the possible mistakes, but also change the decision-making through the feedback in time.

Second, the existence of different ethnic and national backgrounds in the decision-making groups made the mode of conflict resolution change (*ibid*). Predictable a situation is: the people from different cultures have different views that cause the conflicts. However, these conflicts might not necessarily reduce the efficiency of decision-making. Waitchalla R.R. V. Suppiah and Raduan Che Rose think that No doubt when mentioning the word conflict, the first thing that comes to mind is that it is a negative and a destructive element to be avoided at all costs (Suppiah & Rose, 2006). The traditional view of conflict means that the conflict in the non-normal operation in the organization, and must try to reduce conflict, but, my view is that the conflict is might not a terrible thing. Too many conflicts will spend a lot of time and other organizational resources, which have a negative impact on organizational efficiency, but too little conflict situation also make people satisfy current situation and do not have enthusiasm to innovate. Therefore, it is indispensable to manage the conflicts due to cultural differences in the decision-making process rather than to repress.

1.3.2 Interpersonal relationship

Cultural differences impact interpersonal relationships (Zhao & Zhang, 2005, p35). People from different cultures often bring very different sets of assumptions about appropriate ways to coordinate and communicate in business relationships. Culture infuses meaning into the social situation (Sanchez-Burks and Barak, 2005). I think the fundamental reason is that people from different cultural groups have different “implicit assumptions”. For example, the relationships based on the different culture reflect on the relationship between subordinate and superior. Chinese employees obey the boss order without challenges. The relationship is right centralized. Contrarily, American employees would like to have different opinions with the boss. The relationship is democracy.

1.3.3 Communication

The different cultural mode decides the different communication method, if the two communication sides come from different cultural background, the barriers will be existed. Lots of theories are about communication methods. An anthropologist called Edward Hall, he's High-low Context (Hall, 1977) theory is the most influence. In the high-context culture, information transfer and communication need the help of body language, context of contact and scene. Chinese people like to communicate with indirect language, this process-oriented communication, often depends on the recipient's interpretation. It is easy to lead to many misunderstandings, if someone does not know the context of the conversation. The low-context culture, most of the information is clear and direct symbols such as language and text expression, the Westerners, especially Americans, tend to use the send-oriented communication, information need to be sent to the recipient properly, the recipient understand the information. When a

Chinese and an American have a conversation, the American can not catch what exactly Chinese try to say, and the Chinese think the American people is too direct to accept. We could imagine how powerful the cultural differences are!

1.4 The study object: Lenovo

In my research, I chose a Chinese M&A international company, Lenovo, for the study object. Following parts will present comprehensive introductions, but also provide solid testimonies to accomplish the objective.

1.4.1 The background of Lenovo Group Limited

Lenovo: “Lenovo Group Limited is a Chinese-based multinational computer technology corporation that develops, manufactures and markets desktops and notebook personal computers, workstations, servers, storage drives, IT management software, and related services. Incorporated as Legend in Hong Kong in 1988, Lenovo's principal operations are currently located in Beijing, China, Morrisville, North Carolina in the United States, and Singapore, with research centers in those locations, as well as Shanghai, Shenzhen, Xiamen, and Chengdu in China, and Yamato in Kanagawa Prefecture, Japan. Lenovo merged and acquired the former IBM PC Company Division, which marketed the ThinkPad line of notebook PCs, in 2005 for approximately \$1.75 billion (Lenovo, 2006).”

About Lenovo M&A background: Lenovo's acquisition of global the IBM Personal PC sector at 2005 which include production-manufacturing, sales channels and R&D team. There are two sub-brands in IBM personal PC: THINKPAD notebook and THINKCENTER desktop computer. Lenovo also has the use five-year of IBM trademark authorization (Lenovo officially, 2005).

1.4.2 The reason of choosing Lenovo

Firstly, Lenovo is the earliest Chinese company buyout foreign corporation; there are many American employees work in Lenove. Other Chinese corporations could learn a lot of experiences about how to integrate the different culture.

Secondly, it is a contribution to help Chinese company to get in touch with different cultural company. At the beginning of Lenovo's establishment, it is a state-owned enterprise, and till now there is still a significant part of the shares controlled by the government. Company run by the government is a distinct Chinese style enterprise. In China, our economy is not just depended on the market adjustment, but also needed government to regulate market trend (which is called macro-economic-control). From the Lenovo, we could find out Chinese government encourage Chinese company corporate with the foreign company and state-owned enterprise to transform a private company.

Thirdly, my research is about the Chinese culture and American culture, Lenovo is chosen because of buyout the American company department: IBM PC department.

Fourthly, my research is based on the Hofstede's research. In his research, the data are collected from the IBM in 1980s. I choose Lenovo which buyout IBM PC department in 2005. The data both are related on IBM, my research could carry on Hofstede's research.

1.4.3 The background of M&A

The phrase **mergers and acquisitions** (abbreviated **M&A**) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create

another business entity. **Acquisition** means one company purchases another company. An acquisition could be public or private which is depended on the merging company is or is not in the public markets. A **reverse merger** occurs when a private company that has strong prospects and is eager to raise financing buys a publicly listed shell company, usually one with no business and limited assets (Mergers and acquisitions, 2011). M&A will not set up a new company. It is efficient to one company expand their scope. A local company could explore business across the country.

In 1978, Chinese leader- Deng Xiaoping announced “the reform and opening-up policy” which promoted the foreign trade and economic investment (Open Door Policy, 2011). The “open-door policy” made a substantial effect on China going outside of the country. It opened Chinese market to the world and let Chinese society achieve the goal of modernization. From then on, Chinese companies joined into the global economy. The authorities expected Chinese companies especially in industry could advance the skills of producing and management, technology. It also benefits Chinese exports and imports. This policy has attracted foreign companies to put investment in Chinese market. In order to control the Chinese economy, the joint ventures were established.

After the joint ventures period, Chinese enterprises continue to participate in the international competition. The new movement is cross-border mergers and acquisitions. Examples include the Lenovo buyout of IBM's PC business, CNOOC's (China National Offshore Oil Company) bid for Unocal, prospective bids by MinMetals (China National Metals and Minerals Import and Export Corporation) for Noranda (Antkiewicz and Whalley, 2007). The authors of “Business Week” in United States believe that Chinese companies will be a large-scale cross-border mergers and acquisitions in the next ten years, which will change the structure of the global companies’ competition (Chinese M&A , 2011).

1.5 Research Questions

The main problem of this research is to present Hofstede's cultural differences variables are still consistent or have changed in the transnational corporations. This research case involved the Chinese employees and American employees. More specifically, a series of research questions will be proposed:

1. The differences Hofstede found between Chinese and American cultural values, are they still true when we study organization culture in an organization?

After Hofstede analyzing the data at 1980s, we have a general impressive of Chinese and American culture, but they are possibly having changed right now specifically, in a Chinese buyout international company. We could have a new understanding about culture differences between Chinese and American through comparing with the Hofstede's finding.

American employees work in the Lenovo placed in China, they influenced by local culture values. The national culture will be explored following Hofstede's five-dimension culture. Their values may be change after working with Chinese employees in China.

However, organizational culture is reflected by basic assumptions, the members of organization share and influence by basic assumptions. They will be expressed through the daily working practices.

The research depends on the data of questionnaire. The result of the questionnaire will be possible show the inference about the culture norms values.

CHAPTER TWO RESEARCH METHODOLOGY

2.1 Research Strategy

As a research method, the case study is used in many situations, to the knowledge of individual, group, organizational, social, political, and related phenomena (Yin, 2009, p4). The researcher develops in-depth knowledge by exploring more details (Umeh 2005). Case study approach is common and scientific way to conduct research. However, my research is about organizational phenomena. The distinctive needs for case studies arise out of the desire to understand complex social phenomena; case study allows investigators to retain the holistic and meaningful characteristics of real-life events (Yin, 2009, p4). Yin and Creswell also mention that case study can be used in small group behavior, organizational and managerial processes or event, activity (Creswell 2003, Yin 2003). For my research, case study is the best way. Cultural differences happened in an international organization. I believe to tell one case clearly is better than to conclude a general phenomenon.

The study object is Lenovo - it is a well-known Chinese-based multinational computer technology corporation. The employees working in Lenovo are multinational (Most of them are from America and China); thus, they have different culture background. My research will base on Lenovo's Cross-border mergers and acquisitions (M&A) of IBM PC department in China after 2004.

This research is aiming to figure out: Does the cultural differences influence the organizational culture? Are the Hofstede's findings between China and America still true after 1980s' analyzing? Frankly, it is impossible to collect amount of data huge like this, but also it is enormous works to analysis them by using the

professional statistical tools, because Hofstede's magnificent researches cover almost worldwide places. I am willing to review documentations, do some questionnaires, collect small data and interview the people who work in the Chinese Lenovo. The culture differences problem just has existed in Chinese transnational company for several years, and is one of the hottest topics in China. Some Chinese transnational company is successfully keeping on running, but some other is going not fairly well. Culture is an implicit assumption like the feeling of human. There is not only one answer to interpret this existence phenomenon. Also, I will use the literature reviews and documents to support my case study.

2.2 Variables

The independent variable is typically the variable representing the value being manipulated or changed and the dependent variable is the observed result of the independent variable being manipulated (Dependent and Independent variable, 2012). The independent variable is the variation whose is not changed and affected when another variable is changed. The dependent variable won't stand-alone; it depends on the change of the independent variable. The independent variable and dependent variable can be used in mathematics and statistic that is a measure during the research or experiment.

In my research, independent variable is nationality, and dependent variable is the figure of Hofstede's five dimensions. The figure will be changed when the nationality change.

Independent variables:

This research case involved the Chinese company and American company. And choosing two nationalities: American nationality and Chinese nationality, it is

easier to discuss the consistence and changes of cultural differences variables. The independent variables:

- (1) The American nationality
- (2) The Chinese nationality

Dependent variables:

The dependent variables are the cultural differences variables I have introduced in the Hofstede's five dimensions model (Hofstede & Hofstede, 2005) previously, Hofstede's five dimensions model measured by figures. Those dimensions will be described in the theoretical part.

- (1) The figure of Power distance (PD)
- (2) The figure of Uncertainty avoidance (UA)
- (3) The figure of Collectivism vs. individualism (IDV)
- (4) The figure of Masculinity vs. femininity (MAS)
- (5) The figure of Long-term orientation vs. short-term orientation (LTO)

2.3 Units of Analysis

Lenovo is a Chinese-based multinational computer technology corporation that develops, manufactures and markets desktops and notebook personal computers, workstations, servers, storage drives, IT management software, and related services. Lenovo acquired the former IBM PC Division, which marketed the ThinkPad line of notebook PCs, in 2005 for approximately \$1.75 billion (Lenovo, 2006). Some workers from IBM PC department stay at Lenovo to help local staff adapting the IBM PC manufacturing technology into Lenovo technology, some managers also will stay. There is no doubt that the respondents will select some American workers and Chinese workers, American managers and Chinese

managers from Lenovo.

The Chinese Lenovo has American staff and Chinese staff who work in the PC department. So my research units of analysis are American staff and Chinese staff (see table1).

Table 1: Units of analysis

Nationality of the staff	The respondent amount	The age of the respondents
American	20 (10 males and 10 females, at least 4-5 managers)	25 years old to 50 years old
Chinese	20 (10 males and 10 females, at least 4-5 managers)	

About the staff who work in the Lenovo. Here the units of analysis are the staff limited in working in Chinese area. The reaction from different cultural background employees influences the management. Management level is like the brain of one's body. The correct management could lead employees to create more benefit for company. The management reflects situations of the employees.

We could research employees of Lenovo to find out what do different cultural background employees' think, have an inspiration of how to manage an international company. Lenovo not just need to integrate the technology of IBM PC, finance, marketing, but also management.

When managers meet some challenges on management level, which mostly are how to do the management integration. The management integration actually is cultural integration. I think they probably have lots of "Culture shock". The units of analysis will focus on managers and workers from different department, as

technical workers, and office workers.

General data profile:

Table 2: The Lenovo staffs according to sex, age and the years of formal school education observed

Sex

	Chinese staffs	American staffs
Male	10	9
Female	10	11

Age

	Chinese staffs	American staffs
Under 20	-----	-----
20-24	3	1
25-29	10	3
30-34	5	1
35-39	2	2
40-49	-----	7
50-59	-----	3
60 or over	-----	3

The years of formal school education

	Chinese staffs	American staffs
under graduate	5	3
Graduated	9	4
Master and above	6	13

Table 2 displays that the amounts of male respondents and female respondents are almost equal. It enhances the validity. In the age part, the majority of the Chinese respondents are from age of 25-29 while the American respondents are from 40-49. Otherwise, the Chinese respondents' age distribute from age 20-39, but American respondents' age distribute from 20-60 or over. In the age of 60 or over, two of them are retired. In the years of formal school education part, most of Chinese and American staffs are beyond the 16 years formal school education. It means most of staffs are bachelor degrees or master degrees, also the other professional educations are included.

Table 3: The Lenovo job observed

	Chinese staffs	American staffs
No paid job (includes full-time students)	-----	-----
Unskilled or semi-skilled manual worker	1	-----
Generally trained office worker or secretary	8	-----
Vocationally trained craftsperson, technician, informatician, nurse, artist or equivalent	3	2
Academically trained professional or equivalent (but not a manager of people)	1	5

Manager of one or more subordinates (non-managers)	5	6
Manager of one or more managers	2	7

According to the table 3 presents which working position they are belong to. In Chinese dimension, the majority are normal office workers and the manager of one more subordinates. However, in the American dimension, the most of respondents are from top managers and managers of one or more subordinates. In Lenovo, most of staffs are Chinese, maybe hundreds or thousands of people. But, American staffs are very little just dozens of, and most of those American people are managers. Someone is in charge of a technical team, someone is the leader of a purchasing department and someone is responsible for one regional business. Hence, the Chinese and American respondents can not distribute symmetrically.

2.4 Sources of Evidence

The way to collect the evidences are the observation, documentation or interviews, However, I am going to use interview and documentation to study. I have to decide the range of my question and the purpose about what I am going to ask. The questions and the related information will be centre on these several aspects are like the differences in the management ideas, the management decisions, value orientation, personnel's value orientation.

2.4.1 Interviews

One of the most important sources of case study information is interviews (Yin,

2003, p. 106). An interview is an *interview*, i.e., an inter change of views between two unique persons conversing about a theme of mutual interest, through careful questioning and listening with the purpose of obtaining thoroughly tested knowledge (Kvale 1996).

Yin (2003, p. 107) introduces three kinds of case study interview: In-depth interview (Quality data), a formal questionnaire (Quantity data) and a focused interview. Only In-depth interview and a formal questionnaire can be used in my study. For the interviews, I will collect some data as issues cause from different cultural value, listen to the managers how to deal with the problems when the conflicts come out.

The time of the interviews:

In Yin's book (Yin, 2003, p. 107), a second type of case study interview is a focused interview, in which a person is interviewed for a short period of time (*ibid*).

I select several persons to do this interview, maybe preferably face to face conversation. The time will not last for a long period, expected *15-20 minutes around*. Otherwise, they do not have enough patience to finish it (that is mainly depending on how interesting and how deep the conversation goes). The interviews will be taken in the working days, the staff do not want to other people disturb their working, so the short interview will be better choice. The interviews will *last for a week* to complete.

The way to interview:

(1) In-depth interview (Quality data): According to Yin's first type of case study interview (*ibid*), you can ask key respondents about the facts of a matter as well as their opinion about event. Key respondents are the critical to the success of the case study. These persons can provide the insight into a matter and give positive and negative sources. I plan to talk to the respondent and ask some questions, to

the American staffs, the question would be like: “Do you feel any differences when you work in China?” and to the Chinese staffs, the question is probably like: “Do have any feelings with culture conflict when you work with the foreign staffs?” if they give me a positive answer, I will continue to ask what kind of difference you met and telling a story. The in-depth interview is mostly suitable for the manager of the department. The leader of one department has overview of the whole issue, so I may obtain benefit and reliability opinions about cultural differences management.

(2) A formal questionnaire (Quantity data): According to Yin’s the third type of interview: entail more structured questions, along the lines of a formal survey (Yin, 2003, p.108), if you did a case study of an organization that included a survey of workers and manager, you will use this method. My case study is an organization. I will administer 40 questionnaires and let respondents answer the questions. In other words, it is a quantity way to collect the data.

Step 1, I should control the amount of questions, in this case, it could prevent the people are impatient. I pick Hofstede’s Values Survey Module 1994 (VSM 94, 2011). The newest version is the VSM 2008, the reason I did not choose newest version is like Hofstede (2009) said: “In most cases, the use of existing quality research is to be preferred above amateur replications.” the VSM 2008 includes the experimental content, Hofstede cooperated with Minkov, and Minkov advanced two new dimension Indulgence versus Restraint, and Monumentalism versus Self-Effacement (or Flexumility) (Hofstede, 2009). The VSM 2008 is still in the experimental stage, so I decide to use the 1994 version as my research instrument.

The question in VSM 94 would be like these for example: Have enough time to deal with individual and family time; Have no pressures on the working; Have a good relationship with your boss, etc.

Step 2, I will send the questionnaires to the respondents and collect the questionnaires.

Step 3, calculating the scores and finding out which dimension score is higher can gain the answer of what kind of cultural differences are existed in Lenovo.

How to measure the scores:

In the VSM 94, **questions 3, 6, 14, 17 measure the Power distance (PDI):**

Questions 3: Have a good working relationship with your direct superiors

Questions 6: Be consulted by your direct superiors in his/her decisions

Questions 14: Subordinates are afraid to express disagreement with their superiors

Questions 17: An organization structure in which certain subordinates have two bosses should be avoided at all cost

Questions 1, 2, 4, 8 measure the Collectivism vs. individualism (IDV):

Questions 1: Have sufficient time for your personal or family life

Questions 2: Have good physical working conditions

Questions 4: Have security of employment

Questions 8: Have an element of variety and adventure in the job

Questions 5, 7, 15, 20 measure the Masculinity (MAS) and femininity:

Questions 5: Work with people that cooperate well

Questions 7: Have an opportunity for advancement to higher level jobs

Questions 15: Most people can be trusted

Questions 20: When people have failed in life, it is often their own fault

Questions 13, 16, 18, 19 measure the Uncertainty avoidance (UAI):

Questions 13: How often do you feel nervous at work

Questions 16: One can be a good manager without having answers to most questions

Questions 18: Competition between employees does more harm than good

Questions 19: A company's or organization's rules should not be broken not even if the employee thinks it is in the company's best interest

Questions 9, 10, 11, 12 measure the long-term orientation vs. short-term orientation (LTO):

Questions 9: Personal steadiness and stability

Questions 10: Thrift

Questions 11: Persistence

Questions 12: Respect for tradition

These questions have the satisfactory scores: 1, 2, 3, 4, or 5 for the answer (These scores can be treated as values during operation.).

1 = of utmost importance

2 = very important

3 = of moderate importance

4 = of little importance

5 = of very little or no importance

Or

1 = strongly agree

2 = agree

3 = undecided

4 = disagree

5 = strongly disagree

Respondents have to select one mark to show their reaction about the questions above. Then, I collect these scores and make a form to record every respondent's scores.

The formula below (table 4) will be used to get the value.

Table 4: The Index Formulas (Hofstede, 2010, p. 496-497).

$$\begin{aligned} \text{PDI} &= -35m(03) + 35m(06) + 25m(14) - 20m(17) - 20 \\ \text{IDV} &= -50m(01) + 30m(02) + 20m(04) - 25m(08) + 130 \\ \text{MAS} &= 60m(05) - 20m(07) + 20m(15) - 70m(20) + 100 \\ \text{UAI} &= 25m(13) + 20m(16) - 50m(18) - 15m(19) + 120 \quad c \\ \text{LTO} &= -20m(10) + 20m(12) + 40 \end{aligned}$$

In these formulas, $m(03)$ is the mean value of question 03.

*For example, how to calculate out American staffs PDI value:

$m(03)$ is mean value of 20 American questionnaires' question 3

$m(06)$ is mean value of 20 American questionnaires' question 6

$m(14)$ is mean value of 20 American questionnaires' question 14

$m(17)$ is mean value of 20 American questionnaires' question 17

For getting PDI value, substituting these four mean values into this formula:

$\text{PDI} = -35m(03) + 35m(06) + 25m(14) - 20m(17) - 20$. The result is PDI value but also is PDI score.

The final results will be ranged from 0 to 100, take PDI for example, 0 for small power distance and 100 for large power distance, but some variables above 100.

Step 4, I will use the percentage and the mean value of every question to present the contrast of American and Chinese scores.

2.4.2 Documentation

This type of information can take many forms and should be the object of explicit data collection plans. Documents can provide other specific details to corroborate information from other source. Because of their overall value, documents play an explicit role in any data collection in doing case studies (Yin, 2003, p. 102-103). The documents included various types like: official and non-official data or published and intra-company unpublished data.

In order to support my research, multiple data should be used. Documentation is another instrument. I review and sum up the related articles, newspaper and books about the cultural differences in the transnational company. I also collect the realistic example to illustrate what the solution to the cultural integration. These data will centre on the value orientation and personnel's value orientation.

Culture differences just come out in China for the last few years. The reports and documents about culture differences in international company are not very mature. There are not so many cases can be referenced. However, almost every one or two year, Chinese company buyout a foreign company since 2004. These years, this problem is becoming more and more outstanding, Chinese scholars start to concern culture differences. Sometimes, The Chinese enterprisers attend the economical TV forum to discuss this phenomenon. The news and information for the transnational cultural differences updated. The documentary source of evidence I found on official websites, in journals, periodicals and newspapers.

2.5 Validity and reliability of the study

In academic study, we need to give the topic a serious consideration which is based on the problem of reliability and of validity. The reliability of the data is 'the extent to which a measurement procedure yields the same answer however and whenever it is carried out' (Kirk and Miller, 1986). Reliability focuses on a particular property of empirical indicators, the extent to which they provide consistent results across repeated measurements (Carmines and Zeller, 1979).

My research is going to verify Hofstede's research results. I decided to use Hofstede's questionnaire. Therefore, I did the researches to make sure Hofstede's

questionnaire was consistent with my research objectives, research question, research propositions. Hofstede's five dimensions emerged out of factor analyses that the author performed with data from IBM employees in 72 national subsidiaries from 38 occupations and 20 languages around 1968 and, in a second round, around 1972. Altogether, more than 116,000 questionnaires with over 100 standardized questions each (of which only a small part were used for the final analyses) were available for this analysis (Kieser, 1994, p.457). I believe this questionnaire is scientific and precise after Hofstede's work team revise over and over again. Another side, I developed database, collected all the data even though which is not very big. I did pre-field work, recorded the information everyday I got and have documented in my research dairy, to ensure the consistency and justification for whole process. I checked every questionnaire carefully, just in case, respondent filled questionnaire randomly.

My research is not likely to the Hofstede's cultural investigation was implemented in many countries. To me, it is hard to do the complete and very perfect research project. However, the company I chosen could represent some familiar features of the cultural differences in the transnational company. When I did in-depth interview, question chosen was to enhance the validity and reliability of the research.

Validity in social research is concerned with the extent to which findings are consistent with what the researcher intends to study. In essence, it refers to the correctness or credibility of a description, conclusion, explanation, interpretation or some other kind of account. Validity therefore concerns the extent to which one's study renders 'the right answer' (Kirk and Miller, 1986). Validity concerns the crucial relationship between concept and indicator (Carmines and Zeller, 1979).

To ensure validity, the research's data should be from effective evidences. I used

some comprehensive literatures of related studies and documents, as well as main data collected through questionnaire, interviews and documents. The resources were from periodicals, newspaper, official website, professional journals. To expect a good result, the design of questions, the structure of programming, and the pre-identify subject have to follow the main hypothesis. To organize every little detail of research systematically, I will use recording pen to record the conversation, collect the formal data and write down the note.

In order to enhance validity, the reviews of study report helped me to establish proper operational measures for the topics being explored. To conduct data analysis, I will study each question in questionnaire by developing and establishing forms to give the logical interpretations that may explain the five variations, and following the themes' meanings.

CHAPTER THREE THEORY REVIEW

3.1 Culture

Before we study the national culture, we must know: what is culture? The scholars have different opinions about the concept of culture. The earlier definition of culture described by Tylor E.B. "Culture ... is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society." (Tylor, 1881) Culture, to Tylor, is a human special behaviors and events.

However, Schein H. E. defines the culture as "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems (Schein, 1992)." People's behaviors are affected by these "implicit assumptions". If these assumptions or beliefs are challenged, people will feel the "culture shock", which leads to the culture conflict.

But, in recent years, the most frequently concepts of culture is proposed by Hofstede G. and Hofstede G. J.: "Culture is always a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned (Hofstede & Hofstede, 2005)." In his book, culture can be called "Collective Mental Programming", this psychological process formulates the ways to thinking, feeling and the action of people who live in some region. Groups themselves could not tell the spontaneous sense of its own cultures, and culture needs the comparisons before we can show their own characteristics.

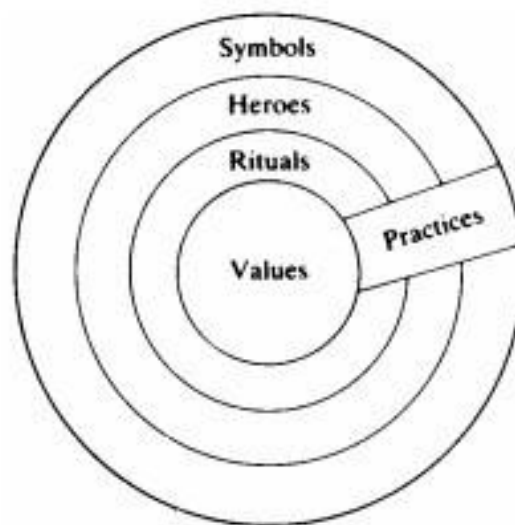
"Culture is learned, not inherited. It derives from one's social environment, not

from one's genes. Culture should be distinguished from human nature on one side and from an individual's personality on the other (*ibid*).”

Fays (2003) considered it “a complex set of shared beliefs, values and concepts which enable a group to make sense of its life and provides it with directions on how to live.” Douglas thought that ‘culture consists of internally consistent patterns of affirmations, restrictions, and permissions that guide people to behave in sanctioned ways, and that enable people to judge others and justify themselves to others’(Weick, 1985, p. 382). Keesing held that ‘culture consists of a person’s theory of what his fellows know, believe, and mean, a theory of what code they are following. It is this theory to which the actor refers when interpreting the unfamiliar and creating sensible events’ (*ibid*). Many scholars announced the definition of culture. Those are conducted culture as *values and norms influence organization or individual behavior*.

Culture based on the values. Hofstede announced a cultural “Onion” that “Cultural differences manifest themselves in several ways - symbols, heroes, rituals, and values (Hofstede & Hofstede, 2005, p. 7).” (Figure 2):

Figure 1: The “Onion”: Manifestations of Culture at Different Levels of Depth



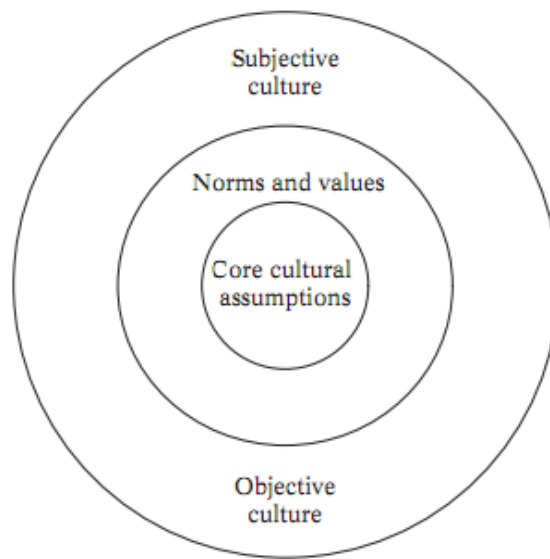
“*Symbols* are words, gestures, pictures or objects that carry a particular meaning which is only recognized by those who share the culture. The words in a language or jargon belong to this category, as do dress, hairstyles, flags... New symbols are easily developed and old ones disappear (*ibid*)...” Take an overall view of Chinese histories, a dynasty could be distinguished by dress, hairstyles and special signal of that dynasty. Dragon, panda, great wall can be represented China.

“*Heroes* are persons, alive or dead, real or imaginary, who possess characteristics which are highly prized in a culture, and who thus serve as models for behavior (*ibid*).” as Michael Jackson in United States, Mao in China.

“*Rituals* are collective activities, technically superfluous in reaching desired ends, but which, within a culture, are considered as socially essential: they are therefore carried out for their own sake. Ways of greeting and paying respect to others, social and religious ceremonies are examples (*ibid*).” As my understanding, he means the way of our daily life. For example, Chinese people celebrate the New Year with the family members. But, it is time to get together with family in United State is Christmas.

From figure 1, we could perceive culture as symbols, heroes and rituals, which are observed from the outside. However, some invisible thing inside rely on practices. *Values are the core of the culture*. Hofstede believed “values are acquired early in our lives.” With the growing up, we will lean and focus on the practices (*ibid*). Hofstede explained “values have a plus and a minus side (*ibid*)” which helps reader to understand deeply.

Figure 2: Cutler's Cultural "Onion"



Cutler (2005) explained that culture is like an onion (see figure 2) too, there are three layers in Cutler's onion. The outer layer contains subjective and objective culture such as relationship, visible behavior, communication, thinking and learning styles, organization and work styles. Below this first layer are norms and values, like as shared values and accepted standards of behavior; and at the central level is core cultural assumptions, they are what Cutler termed "basic 'truths' about human identity and purpose, space, time, social organization, ways of thinking and communicating that, for the most part, groups and their members are wholly unaware of" (Cutler 2005, vol. 1, p. 76).

After seeing these two "onions", I think the culture likes a three-level cake. The basic level is a conception as an abstract and explicit summarize. The second level is value, it is presented by people, value make a group of people formulate same thought. The third level is artifact. In this level culture is no longer as something that is invisible to publics, but a concrete or realistic thing. We can feel it vivid and have the direct perception. In my research, I concentrate on the value level as *national culture*. National culture comes from human beings' value, will be discussed in the next section.

3.2 National culture

With the development of organization behavioristics, the scholars have made a distinction of national culture, regional culture, organizational culture and internal culture (Zhao & Zhang, 2005, p. 35). Different geographical environment, lifestyle and modality of social organization form a different culture. It is not easy to understand the regional culture correctly, especially the existence of multi-culture in this region. If this awareness extended to the transnational business environment, it will be more complicated.

In Hofstede's book, he discusses how national and organizational cultures are different. National cultures are acquired and developed at early age of our lives, and they mostly come from our values (Hofstede & Hofstede, 2005, p. 284). Values are the core of culture. Organizational cultures are acquired in the "practices" when we enter a work organization (Hofstede & Hofstede, 2005, p. 284-285). It is like symbols, heroes, ritual. These practices are the "shared perceptions" of the organization's members. He asserts that the national cultures may partly affect the organizational cultures (Hofstede & Hofstede, 2005). "National culture often resides less in practices and more in taken-for-granted values and assumptions" – that is, the inner layer of core cultural assumptions (Cutler 2005, p. 77).

Previous studies about the culture differences mainly have two aspects. One is the analysis of the cultural basic hypothesis (Zhao & Zhang, 2005, p. 36), for instance, the performance of mechanisms, ideas, beliefs, attitudes, standard of behavior, the understanding of time and space, the custom of dress and food and so on. Another is an attempt to categorize a variety of national culture for abstract comparative study (*ibid*), such as Kluckhohn and Strodtbeck's six-value orientations (Kluckhohn & Strodtbeck, 1961), Hofstede's five-dimension models (Hofstede &

Hofstede, 2005) , Schwartz's seven-dimension models and Trompenaars's seven-dimension models.

After transnational M&A, the enterprise will face the national culture influences, as to the organization of cultural differences were come out. However, as far as my research was conducted, there are some confrontations. I feel confusion on parts of Hofstede theories. Contrary to Hofstede, Kluckhohn & Strodtbeck's theories are clearer. So this paper is going to concentrate on Hofstede and Kluckhohn & Strodtbeck's theories. I will give the further discussion in the conclusion part of this chapter.

3.3 Hofstede's five dimension models

I am going to use this model as core, in addition I will introduce Kluckhohn & Strodtbeck's six-value orientations as complement. He introduced five-dimension models in his book, based on the large IBM data set: (1) power distance (PDI) - "More Equal Than Others"; (2) collectivism vs. individualism (IDV) - "I, We, and They"; (3) masculinity (MAS) vs. femininity - "He, She, and (S)he"; (4) uncertainty avoidance (UAI) - "What Is Different Is Dangerous"; (5) In addition, Hofstede adapted the fifth dimension: long-term orientation (LTO) vs. short-term orientation called Confucian dynamism, which is "Yesterday, Now, or later?" and based on Michael Bond's recent findings: The values on both poles are Confucian. The positive pole is toward the future, the negative pole is toward the past and the present (Hofstede & Hofstede, 2005).

According to his book, in the organizations that have some members from different cultures that are very high or low on each of these dimensions, and those figures actually could become specific advantages when the organizations in the

international competition. I will introduce those dimensions at following part, and link to Chinese circumstances to enlarge this theory.

3.3.1 Power distance (PDI):

The power distance dimension reflects how different cultures accept and handle the distribution of power in institutions and organizations (Hofstede, 1980). A culture with a high degree of power distance is often characterized by an unequal distribution of power, a hierarchical structure where everybody has his/her place. Those without power can rarely be trusted, since they might appear to be a threat towards those in power (Gooderham & Nordhaug, 2003).

Low degree of power distance, a score near zero, refers to cultures that value an equal distribution of power, which means that inequalities and hierarchies are not accepted and differences must be justified (Hofstede, 1980). The dominant characteristics of organizations in low power distance countries are accessible superiors that enable people at various power levels to feel less threatened and more prepared to trust people (Hofstede, 1983).

The organizations from small power-distance cultures are likely to equality and limited dependence; while the large power-distance cultures are likely to inequality and considerable dependence. The large power-distance happened in China, Malaysia, the Philippines, Panama, Russia, Slovakia and Mexico; whereas, small power-distance happened in United States, Canada, Denmark, Austria, Great Britain (Hofstede & Hofstede, 2005, p. 39-70).

Power Distance is defined as the level that disadvantaged groups in organization or institution accept the uneven distribution of power. This dimensions measure

the acceptance level of inequality in a society. In low power distance society, inequality is lower, powerful people will try to keep a low key, people need not to use the luxury goods or the symbols presented the rights to show its prominence. In high power distance society, it presents a clear hierarchy social class, the authority owns privilege, and as more as possible through the right symbols to indicate their status, rights. They receive the respect and the reverence.

3.3.2 Collectivism vs. individualism (IDV):

Individualism is portrayed as being related whether people look after themselves and their immediate family only. In collective cultures people tend to form in-groups that look after each other, and a high degree of loyalty is expected in exchange. Moreover, people put the group's interests first, as opposed to one's own interests and achievements (Hofstede, 1980).

In an organizational context, collectivism implies an emphasis on teamwork and clear orders from supervisors. In comparison, individualism are characterized by a high degree of autonomy (freedom to make their own decisions) and a clear distinction between work and personal life (Hofstede & Usunier, 1996).

The Hofstede's finding shows that high-individualism countries, for example: United States, Great Britain Canada; however, high-collectivism countries: Indonesia, Pakistan, Panama, Guatemala (Hofstede & Hofstede, 2005, p. 73-114).

In individualistic society, a loose connection between people, people only care about themselves or direct relative interests, and maintain their own interests

above the interests of others. People's identity is based on the characteristics of the individuals, the behavior of individuals mainly from the individual's attitude, personality and internal factors, not from environmental factors. "Speaking out" approach is used in Individualistic communication. In collectivist societies, people belong under a certain group of people. Within groups, there are close links between the members, the members care about each other. the concern of the collective interests is more than the individual interests, the collective members trust and are loyal to the groups, people's identity is based on the collective identity, the behavior of individuals affected by group norms, social rules and other environmental factors, communication between people usually take the subtle approach. The high-individualism cultures show that the employees do things what they like, employers and employees have same goal; while the high-collectivism cultures show that the employers would like to hire and manage people as a group, and employees are keen on working as group as well.

3.3.3 Masculinity and femininity (MAS):

This dimension refers to the choice of social sex roles and its effects on people's self concepts. Organizations in masculine societies tend to be more task-oriented and competitive. Standing out from the crowd is considered admirable and money and power are highly appreciated. In other words, masculinity refers to a performance society, with a winner take all-mindset (reflected also in women in these cultures). Consequently, men are succeeding better in business than women in such cultures (Hofstede, 1980).

In feminine cultures, on the other the hand, the differentiation and discrimination between genders are not significant and the quality of life is used as a measure of

success prior to material measures. Moreover, managers serve and negotiate with their subordinates and care for the weak. In short, feminine cultures value relationships, harmony and welfare for all. The key distinction between masculinity and femininity may therefore be identified through the motivation of people- wanting to be the best (people live to work) or liking what you do (people work to live) (Hofstede, 1983).

Those from cultures high in femininity may be able to provide good quality life, personal services, caring others; while those in masculine cultures may emphasize the pursuit of the money and power, men should assertive. Masculinity is always found in the country with mass production and concentrated heavy industry. The most feminine- scoring countries were Sweden, Norway, the Netherland, and Finland; on the contrary, the countries were Slovakia, Japan, Hungary, Great Britain, United States (Hofstede & Hofstede, 2005, p. 115-160).

In the masculine society, the dominant values emphasize achievement and success, competition, ambition and career achievements, status and material success which is an important the performance to be successful people, men and women are different social roles, men are expected to show the full of determination and competitiveness, women are willing to raise children, care for families. In feminine society, dominant value are caring, attention to quality of life, emphasizing humility, equality and concern for the environment, status but material success is not as important indicator of success. There are no significant difference between the social roles of men and women.

3.3.4 Uncertainty avoidance (UAI):

The uncertainty avoidance dimension describes how cultures act differently to uncertainty and ambiguity, due to different preferences in predictability, security and stability. High degree of uncertainty avoidance reflects societies which constantly try to avoid unstructured situations or ambiguous decision making. Formal rules and laws to deal with upcoming situations and high career stability are therefore sought within the organization. In contrast, a low score on this dimension refers to the willingness to take risks and high tolerance for unforeseen situations (Hofstede, 1980; 1983; 2012).

Those in strong uncertainty-avoidance cultures may perform that low innovation, low accepting about new suggestions, feel anxiety about future, may excel in precision manufacturing; while those in weak uncertainty-avoidance cultures may be able to take a risk to create a new future, have confidence about future, accepting varieties of opinions. The strong uncertainty avoidance countries in the top of tables were Greece, Portugal, Guatemala, Belgium, Japan; those lower ones were China, Hong Kong, Sweden, Denmark, Great Britain, United States (Hofstede & Hofstede, 2005, p. 163-204).

Uncertainty avoidance refers to the avoidance level of people threaded with the uncertain and hazy factors or scenarios. In high uncertainty avoidance societies, people will feel anxiety to uncertain and intolerable situation. In order to alleviate the pressure, people will build a variety of rules and institutions, the community will be formed a structure for increasing predictability. In low uncertainty avoidance societies, people are able to accept the uncertain situation. To the scene of the unknown, ideas, the people show a greater tolerance, they are looking for a colorful life.

In Hofstede's (2005) research, China and USA both are low uncertainty avoidance. Even Chinese uncertainty avoidance is lower than American one. However, I noticed that China is a country with high uncertainty avoidance, higher than USA at least.

3.3.5 Confucian dynamism: long-term orientation vs. short-term orientation (LTO):

From Hofstede's book (2005), he added the fourth Chinese Value Survey (CVS) dimension as his the fifth dimension labeled *Long-term versus short-term orientation*. CVS was developed by Michael Bond. The fourth CVS dimension base on the value of *Confucius*. So that, both long-term orientation (LTO) and short-term orientation contain Confucian values. In LTO countries, the one more oriented towards the future, and people's values: "perseverance, sustained efforts towards slow results"; "ordering relationships by status and observing this order"; "thrift" and "having a sense of shame". However, in short-term orientation, the one more preferred to the past and present, the values: "personal steadiness and stability"; "protecting your face"; "efforts should produce quick results"; "respect for traditions" (Hofstede & Hofstede, 2005, p. 212). Chinese societies (China, Hong Kong, Taiwan, Singapore), Japan, Korea, Thailand, etc., are ranked as more future- and long-term oriented cultures, whereas Pakistan, Nigeria, the Philippines, Canada, Zimbabwe, the UK, the USA, New Zealand, Australia and Germany are more past and short-term oriented cultures (Hofstede & Hofstede, 2005, p. 221). Before and after a few years in his study, Asia's fast economic development, particularly in Asia's four little dragons, attracted worldwide attention. The LTO happened in the Chinese societies could explain why the economic growth in Asian nations. However, we do not know which orientation today's USA will be

in business area and to study which is higher Long-term orientation between China and USA.

3.3.5.1 What is the Confucian value?

As a moral system, Confucianism focuses on the relationship between man and man, which is defined by five virtues: humanity/benevolence (as Chinese word: ren), righteousness (yi), propriety (li), wisdom (zhi), and trustworthiness (xin) (Fan, 1995). They could present Hofstede's long-term orientation. Another focus is on the five hierarchical relationships between father and son, ruler and ruled, husband and wife, elder brother and younger brother, and friend and friend (this pair is equal in position) (Fan, 1995).

3.3.5.2 The dissension on Long-term and short-term orientation

In the fifth dimension developed by Hofstede: Chinese societies (China, Hong Kong, Taiwan, Singapore) are ranked as more future- and long-term oriented cultures, the USA is more past and short-term oriented cultures (Hofstede & Hofstede, 2005, p. 221). Bond (1984) suggested Hofstede that the four dimensions might not be covered the all the cultural variations. The Chinese Value Survey (CVS) from the Chinese Culture Connection (1987) was introduced by Bond. The values in CVS can be represented the values from the East Asia. Bond and scholars choose 29 values which voted by students. The 29 values were grouped four dimensions: integration (CVS I), Confucian work dynamism (CVS II), human-heartedness (CVS III), and moral discipline (CVS IV). According to Hofstede's dimension, power distance (PD) and individualism (IDV) are correlated with integration (CVS I), masculinity (MAS) is correlated with human-heartedness (CVS III), respectively. Furthermore, Confucian work

dynamism (CVS II) does not correlate with any of the Hofstede dimensions.

Hofstede defined Bond's CVS II as the fifth dimension: Confucian dynamism. He divided these values into long-term orientation and short-term orientation.

To me, this dimension is the most interesting part in his book. I do not entirely agree with the Hofstede's opinions about Confucian dynamism between China and America. I would like to say that Chinese values will change to short-term when it is happened in the economical activities in the modern life. In some aspects, Chinese values are the same as American values. However, Chinese traditional morals and brief are long-term values (Fan, 1995).

In many scholars review, there is criticism about the fifth dimension, which are concluded into three opinions:

1. *Hofstede's the fifth dimension still remains as it was introduced since ten years ago. There are no more improvements after that.*

Smith (2002, p. 119-130) commented: "This book is of course a new edition, not a new study. . . . The inclusion of a fifth dimension of cultural variance in this edition constitutes the most substantial departure from the perspective advanced in the first edition. However, it comes as no surprise to readers of Hofstede's (1991) reprise of his earlier perspective, and is an expanded version of the relevant chapter in that book." He used the time orientation to instead of the Confucian dynamism. In Hofstede and Bond (1988) 'Confucian Dynamism' to show that it deals with a choice from Confucius' ideas and that its *positive pole* reflects a dynamic, future-oriented mentality, whereas its *negative pole* reflects a more static, tradition-oriented mentality. He changed the positive pole and negative pole into long-term orientation and short-term orientation.

2. *The main reason maybe because that the Confucian values as a concept is mostly unknown to the West.*

Hofstede as a pioneer researched to the Far East, Redpath and Nielsen (1997, p.

329) commented: “this dimension is probably the least relevant to our analysis. It was the most difficult to apply, because distinctions between the two ends of the spectrum are unclear and often seem contradictory.” Newman and Nollen (1996, p. 776) wrote: “long-term orientation is the most difficult because it is the newest of the dimensions and the least familiar to Western researchers.” Kalé (1996, p. 22) remarked: “Since this book [Hofstede, 1980] was published, Hofstede has added a fifth dimension, however, conceptual and empirical support for this dimension is not very exhaustive (Hofstede 1991).” However, I think most critical comments lack a substantive debate about Hofstede the fifth dimension in literature. They do not get reach to the core of the Confucian and the foundation of the Confucian conception.

3. It is also difficult for Chinese to understand Hofstede's idea of confusion

In Chinese value, the relationship between the long-term orientation and short-term orientation are not contrasting or opposing, but rather interrelated with each another. For instance, the Chinese are certainly long-term orientation and towards future in certain situations. However, in reality Chinese culture has been considered as short-orientation, and highlight s the records in the past.

Comparing Kluckhohn and Strodtbeck (1961) with Hofstede (2005), Kluckhohn and Strodtbeck observed that “China was a society which gave first-order value preference to the Past time orientation. Ancestor worship and a strong family tradition were both expressions of this preference (Kluckhohn & Strodtbeck, 1961, p. 14).” Chinese culture concern the past and present, and less the future; But, American culture pay little attention in the past, and focus on the present and the future. But Hofstede asserted that Chinese orientation is the future. Chinese refer to the future, because China got the highest ranked in the LTO index, whilst American is towards to the past and present (Hofstede & Hofstede, 2005, p. 208-238).

But In fact, past-orientated is also found to be a core Chinese value by Chinese scholars on the mainland and overseas (Chan, 1998). Inside of the Chinese business mentality shows that short-term orientation, such as opportunity-driven behaviors and heavy reliance on cash transactions to expedite business deals, has been a salient Chinese trait throughout history (Chen, 2002). Running after the short-term commercial interests with short-term vision in business ethics is a main problem of Mainland Chinese business enterprises (Zhang, 2001). We cannot treat a culture as a single issue, rather, we should consider it in the context of a special environment.

Hofstede's fifth dimension was divided Confucian values into the 'positive' pole and some into the 'negative' pole (Hofstede, 1991). Perhaps the best-known symbol of East Asia is Yin Yang (Cooper, 1990), the Chinese philosophical principle of dualism and paradox in the manifest world (Figure 3) (Fang, 2003). Yin and Yang could explain qualities inherent phenomena in the universe. The Confucian values are not exception, too.

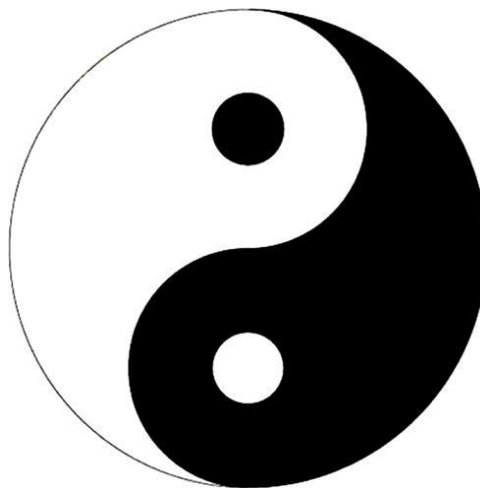
3.3.5.3 What is the "Yin" and "yang"?

"Yin" and "yang" is also important for Chinese culture. Perhaps will never be completely understood by Westerners because of its subtle and intricate connotations of the nature of the universe being positive/negative, wet/dry, cold/hot, light/dark, minus/plus, and female/male (Fan, 1995). In my opinion, to understand Confucian entirely, we need to know Chinese principle. The root of Chinese principle is Yin Yang. Yin represents the moon, water, female, soft, weak, dark, negative; Yang represents the sun, fire, male, strong, hard, bright, positive. I noticed that Yin conduct Hofstede's short-term orientation; Yang conduct Hofstede's long-term orientation. In Chinese belief, everything consist in Yin Yang, Yin Yang includes everything. Yin Yang could explain the dualism and

something incapable to explain with science.

The shape of Yin and Yang looks like a black fish on the right and white fish on the left (Figure 3). If you are turning it, you will find out the black fish instead of white fish on the left, white fish becomes black fish on the right. Hofstede divided Confucian dynamism into long-term part and short-term part that is not precisely. Long-term and short-term orientation did not describe the five hierarchical relationships between father and son, ruler and ruled, husband and wife, elder brother and younger brother, and friend and friend. Whether these Confucian values are long-term or short-term cannot be judged by surface, they depend on the different situations and contexts. Maybe, the long-term orientation turn into short-term orientation, and the short-term orientation turn into long-term orientation contrarily.

Figure 3: The Yin Yang



I have addressed rival explanations to similar issues by building and developing logical interpretations that may explain these variations, yet without distorting the subjects' meanings and knowledge.

3.4 Limitations and criticism of Hofstede's five dimension models

As most influential frameworks, Hofstede's four dimensions has been much discussed and questioned in the literature. The popular view that national cultures are converging, due to an increasingly degree of globalization, may cast doubt on the relevance of these dimensions in more recent times. Scholars such as Ohmae (1985), O'Reilly (1991) argue that the fact that practices and cultural values are converging would imply that cultural distance and cultures with national boundaries will lose its relevance. Furthermore, the authors questions whether that national culture can be seen as a homogeneous entity.

Hofstede's original questionnaire was much criticized for being biased with a western mindset (Manrai & Manrai, 2011). Hofstede and Bond (1988) subsequently conducted a second cross-cultural value measurement project, called "Chinese Values Survey", which was developed by Chinese scientists. None of the original four dimensions of national culture had taken into account for the effects of a rapid economic growth as demonstrated in case of several East Asian countries. Thus, the survey was administered in 22 countries (20 overlapped with the IBM study) in order to identify values more typical to Asian cultures (Manrai & Manrai, 2011). As a result, a fifth dimension was added to the framework, called *long-term orientation* or *Confucian dynamism* (Hofstede & Bond, 1988). However, the fifth dimension has been heavily criticized for not adding to the descriptive and explanatory power of the original four dimensions, for instance, Yeh and Lawrence argue that this dimension refers to similar underlying cultural values as individualism (Barkema & Vermeulen, 1997).

Hofstede's research from the 80's is commonly criticized for being outdated. However, Hofstede (1980;1991) assumes that the cultural values are stable over

time. This assumption has been proven valid by for instance a study conducted by Barkema & Vermeulen (1997), using data from almost three decades (1966-1994). Finally, Hofstede's research show clear limitations due to the fact that the questionnaire was undertaken on a small sample, employees from a single US-derived company, which means that the results may be biased and lack of aspects of local national cultures. However, the applicability of using Hofstede's (1980) four dimensions of national culture has been well documented (see Søndergaard 1994; Barkema & Vermeulen, 1997).

CHAPTER FOUR DATA FINDING AND ANALYSIS

4.1 Introduction

This chapter is going to show my research finding and analysis. The **research question** is:

1. Is Chinese culture still affected by the Hofstede's dimensions: Power distance, Uncertainty avoidance, Collectivism vs. individualism, Masculinity vs. femininity and Long-term orientation vs. short-term orientation ?

Hypothesis: validity of Hofstede's five dimensions: my findings are as same as Hofstede's conclusion.

Variables:

Independent variables:

This analysis case involves the Chinese and American firms. By choosing two main nationalities: American and Chinese, it comes with a simply, straight way to discuss the consistence and changes of cultural differences variables. The independent variables are **the nationalities of the employees**; meanwhile, the nationalities of the employees are American and Chinese.

Dependent variables:

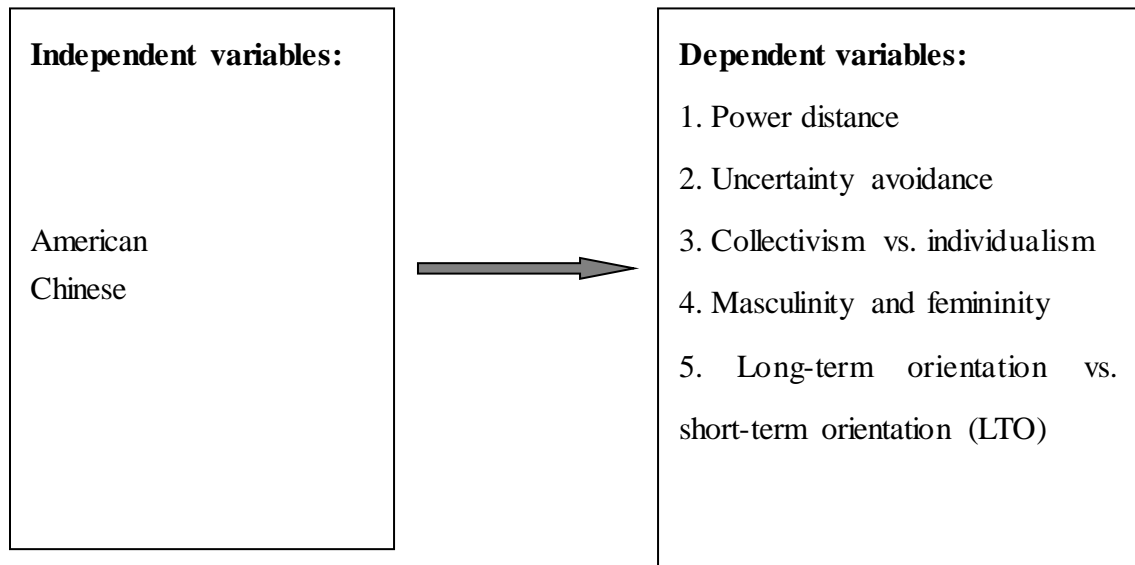
The dependent variables are the cultural differences variables from Hofstede's five dimensions model (Hofstede & Hofstede, 2005):

- (1) Power distance (PDI)
- (2) Uncertainty avoidance (UAI)
- (3) Collectivism vs. individualism (IDV)
- (4) Masculinity vs. femininity (MAS)

(5) Long-term orientation vs. short-term orientation (LTO)

Figure 4 shows that Independent variables affect dependent variables.

Figure 4: Independent variables affect dependent variables



In order to explore the consistence and change of cultural differences variables, this study compares the low high between the American and Chinese cultural differences variables. The hypothesis draws on the Hofstede's findings as reference (Hofstede & Hofstede, 2005).

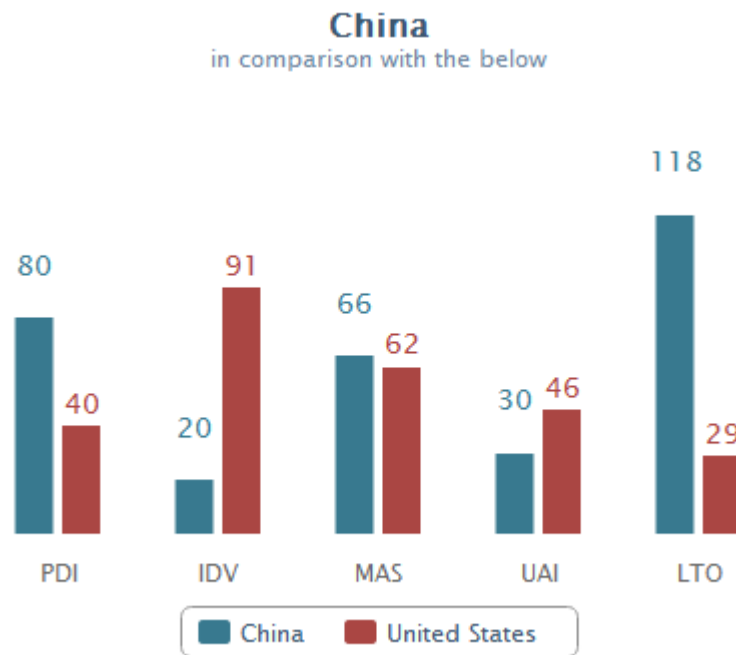
4.2 Data finding and analysis

4.2.1 Overview of Hofstede's five dimensions

The bar chart 1 shows the scores of all five dimensions for China and United States. According to the data, the gaps in PDI, IDV, LTO are significant, which

implies that conflicts and misunderstandings may easily occur in these three dimensions.

The bar chart 1: The image of Hofstede's classification and comparison of Chinese and American cultural



Source: Hofstede (2012)

4.2.2 Power distance (PDI)

From Hofstede's table of power distance index(Hofstede, 2005, pp43-44), it depicts some Asia countries, like Malaysia (scored 104), Philippines (scored 94), China (scored 80) and India (scored 77), have extremely high power distance values, but also the high power distance scenario also happens in a bunch of eastern European countries, such as Slovakia (scored 104), Russia (scored 93) and Romania (scored 90). Latin countries, like Mexico, have power distance score as

high as 81 and Arab countries (scored 80), the less countries extent to Latin Europe such as France (scored 68) and French-speaking regions; for Asia countries and regions, Hong Kong scores 68, south Korea 60 and Japan 54; for some Africa countries, east African scores averagely 64, and south Africa scores 49. The low power distance values countries and regions are United States with 40, Nordic continent (which are Norway 31 and Denmark 18), plus the part of white former resident area (which are New Zealand 22, Ireland 28 and Austria 11).

According to *Hofstede's finding*, Chinese power distance index score is 80, American power distance index score is 40. Chinese PDI is much higher than the American one, China is a country with high power distance and United States is a country with low power distance. After collecting questionnaires from Lenovo, the PDI scores of Chinese and American have been calculated out respectively. It is obvious from table 7, in *my data*, Chinese PDI score is 60 and American score is 18. China scored 60 still stays in the comparative high power distance value, and United States scored 18(which is low power distance value). It is apparently, from the bar chart 2, the gap between China and United States are both massively ambitious.

In order to understand why China or USA has such scores, the questionnaires' questions are analyzed. The survey questions are about the awareness of the authority and relationship between superiors and subordinates. The responders were asked to state the importance of four questions.

They were asked to state the importance from a level from 1 to 5 which 1 is outmost importance and 5 is very little importance or no importance:

Questions 3: Have a good working relationship with your direct superiors

Questions 6: Be consulted by your direct superiors in his/her decisions

Questions 14: Subordinates are afraid to express disagreement with their superiors

The forth question asked state agree or disagree of the following statement:

Questions 17: An organization structure in which certain subordinates have two

bosses should be avoided at all cost

(All the questions' analysis figures can be found in Appendix II : The analysis table about questionnaire survey)

- In Question 3, most of Lenovo's Chinese and American employees select "importance". On aspect of working relationship, all employees have to learn the optimistic treatment with the bosses; as a result, cultural background influences working relationship slightly.
- Question 6, supervisor consulting approach differences, compassed on two nationalities: American and Chinese are significant. All American employees believe that consulting by your direct superiors is important. Whereas, most of Chinese feel unnecessarily of consulting from their perspective. In the U.S., the superiors respect the subordinates' advices; conversely, the Chinese superiors tell subordinates "what to do" in most of time.
- In Question 14, 60% of the Chinese employees think the subordinates are afraid to express disagreement with their superiors; however, only 10% of the American declare they have had the same concern. I interviewed one of the Chinese subordinates, Sun, he says, "Most of the times, boss will not take my opposite opinions. I do not want to give my boss an annoying impression, so I close my mouth. " Another American subordinates Chris says, "I have to take a responsibility to what I am thinking and doing, I have to propose disagreement frequently."
- In Question 17, 60% of Chinese employees strongly disagree with multiple leaders. In the most of time, the situation will become immensely complicated while the subordinates have two bosses. Two leaders will give out various orders. China, as a high power distance country, this scenario triggers an

essential problem: which leader should the subordinates obey in the very first priority? 40% of American employees agree with an organization existing two bosses. While the customers may ask for 'More democratic and optional', the two bosses strategy will make one case be beneficial by providing different angles

Thousands of years of a feudalistic system have dominated the Chinese view of themselves and the world (Fan, 1995). China has been a high-power distance country for so long. There is a clear gap between Chinese social classes, the privilege is considered as an honor, rights and wealth as a sign of success. China has been feudal society for 2000 years. This ineradicable bureaucratic ideology grows deeply inside of Chinese peoples' mind. Even there were several cultural revolutions in the recent history; this ideology still cannot be eliminated. Today, in most companies, especially the state-owned companies, no matter what type of industry, individual behavior is still being organized through strong bureaucratic constraints, the superior's views and ideas have a great impact on subordinates. "Official standard" is the major characteristic in Chinese culture. Whether in government, enterprises or institutions, the higher level has absolute authority and power to the lower level, the lower level has to respect and be controlled by the higher level. The position in the hierarchies determine the unequal status, this inequality also exists at the working and in the life.

In USA, the history is only about more than two hundred years, the culture is mainly from immigrate of European countries in 17th and 18th century, and mixed with local Indian, African descendants, part Asian culture . USA is a low-power distance country. Harriet Tubman said "I had reasoned this out in my mind, there was one of two things I had a right too, liberty or death; If I could not have one, I would have the other (Lewis, 2012)." Liberty is one of the American spirits. Another is equality, the American advocating equality for all, no one can use power to repress others, no arbitrariness, personal interests and the interests of all are equally important. Liberty and equality has an effect on how Americans live today. The employees of American companies believe that they have same rights and status with their managers, the relationship between superiors and subordinates

is the higher level will take into account the interests of subordinates when they are making decisions.

Summarily, **my finding** is - *China is a high power distance country and United States is a low power distance country. Chinese employees have higher power distance than be USA.*

4.2.1.2 Collectivism vs. Individualism (IDV)

Hofstede's individualism index values table (Hofstede, 2005, pp78-79) shows the highest individualism country is United States (scored 91). Other high individualism countries are Australia 90, Great Britain 89 and Netherland 80. The countries, in the middle range, are Norway 69, Austria 55 and Japan 46. The low individualism countries score is roughly from 6 to 39; those are like Russia 39, Greece 35, East Africa 27, China 20, Indonesia 14 and Panama 8. The lowest ranked country is Guatemala (which scores 6). From this table, most countries have relative low individualism values. Hofstede said: "collectivism is the rule in our word, and individualism the exception (Hofstede, 2005, pp79)."

In Hofstede's findings, Chinese score is 20, and American score is 91. **My data** present that Chinese IDV scored 70 is less than be American IDV scored 102.

According to Hofstede's individualism value table as standard of low-high, Hofstede's findings show China is low individualism, United States is high individualism. China and United States score of my IDV finding are 70 and 102 respectively. They both stand in relative high individualism value range.

Comparing to Hofstede's findings, China individualism value has changed, the Chinese employees are more individualistic at present. There is no doubt United States score is still outstanding, which is even much higher than China score (see the bar chart 2).

In my finding, why China and United States are both high individualism, but United States is much higher? Analyzing the survey questions can find the answer. The questions are about the employees' perception of the working conditions.

The questions as following, the scale from 1 to 5, 1 stands for outmost important and 5 stands for very little importance or no importance:

Question 1: Have sufficient time for your personal or family life

Question 2: Have good physical working conditions

Question 4: Have security of employment

Question 8: Have an element of variety and adventure in the job

- In Question 1, Most of the Chinese and American employees consider having enough time spend personal and family time is necessary. Only 5% of Chinese think it is barely important.
- In Question 2, American attitude on the importance of working conditions is stronger than Chinese. 75% of American believe the working condition is greatly important, and 60% of Chinese think it is fully important on this issue. According to Hofstede, the level of importance to having good physical working condition is associated with collectivism or individualism. United States is little more individualism than China.
- In Question 4, both most of American and Chinese consider security of employment is completely important. Otherwise, 40% of American employees consider it is outmost important, but there is only 15% of Chinese employees choose outmost important.
- In Question 8, 60% of American employees feel it is outmost important to have a varied, adventurous job (while the percentage in Chinese employees is 5%). Contrarily, 45% of Chinese do not want to have a risk in their careers. According to Hofstede, individualist needs various, challenge job. American

employees are more likely to be typical individualist than be Chinese. Meanwhile, Chinese employees are more likely to be conservative instead. Stable and long-term jobs will be highly demanded in China.

Sometimes, in China, for the preservation of the collective interests could sacrifice personal interests. Chinese companies will put emphasis on staff working together rather than an employee's contribution of individual heroic acts. However, China is high individualism right now. That is because, for a long time, China is a collectivist country. After reform and opening to the outside world, the open market policy along with Chinese industrialization and urbanization changed the original social structure of China, peoples' values and behaviors are gradually changed. The pursuit of personal interests reduces the sense of belonging to the organization, the collective interest and selfless dedication (Xu & Wang, 2008). the current Chinese society gives a certain extent to develop the individual space, individual behavior is still affected strongly by organizational culture and group norms. Personal interests get the attention, but do not replace the collective interests, which are the most accepted values. The individuals are perceived as part of a network of social relations. They find their own identities with reference to the others around them and adopt group goals and opinions in exchange for reciprocal care and protection.

Americans address their cultures as individualism. It is the major spirit of United States. Riesman et al. (Hofstede, 1980) quoted a gravestone inscription of an eighteenth-century American, Thomas Darling: "A gentleman of strong mental powers... habituated to contemplation and reading... in moral reasoning... of deep penetration and sound judgement... with a rational and firm faith in his God and Saviour: he knew no other master." Their mentality is very independent. They concerned with their appearances; preoccupied with what other people think, do, and say about them; and eager to be liked and accepted (Hall & Hall, 1990). High IDV country residents have widely opportunities to accomplish career initiatives.

It provides a perfect individualistic circumstance for innovative, risk loving people; consequently, thousands of advanced high-tech productions and the high-tech skilled, knowledgeable human resources come from United States. Innovative firms tend to be great in sustainable development. American employers pay more attention to personality, appreciate the special aspects and encourage the individuals play a role in a group. Especially in the American companies, staff promotion and reward depends on the contribution of individuals and personal business, and job qualifications primarily.

As a result, **my finding** is: *They both stand in relative high individualism value. But Chinese employees have lower individualism than America employees.*

4.2.1.3 Masculinity and femininity (MAS)

Hofstede defined the masculinity index that "scores were put into a range from about 0 for the most feminine to about 100 for the most masculine country through multiplying the factor scores by 20 and adding 50 (Hofstede, 2005, pp120)." The most masculine countries are Slovakia scored 110, Japan 95, Ireland 68, China 66, 62 for United States. Other countries as Arab countries scored 53, West Africa 46, 43 for France, South Korea 39, Russia 36 and Portugal 31 are ranked in medium range of masculinity index table. The lowest masculine (most feminine) countries are Finland scored 26, Denmark 16, Netherland 14, Norway 8 and Sweden 5.

In Hofstede's findings, Chinese MAS score is 65, and American MAS score is 62. They both belong to masculine countries. However, Chinese MAS is higher than American one. **My data** shows Chinese MAS score is 25, and American MAS score is 27. It shows masculinity value is relative low in Lenovo, they are both femininity countries. This pair of data is consequently similar; despite, the gap

between them may still be existed (see the bar chart 2). Chinese MAS is lower than American one. The scores have changed compare with Hofstede's finding.

Note: I consider that this little gap only occurs into the Lenovo.

The questions could show the details about Lenovo and why Lenovo has such scores. The survey questions are about the employees concern with success and recognition (Masculinity) or with the relationship (femininity).

The question scales from 1 to 5 - 1 stands for outmost important, and 5 stands for least importance.

Question 5: work with people that cooperate well

Question 7: Have opportunity of promotion

The question express as agreement, on a scale from 1 indicate the strongly agree to 5 indicate strongly disagree, as following:

Question 15: Most people can be trusted

Question 20: When people have failed in life, it is often their own fault

- In Question 5, 65% of American respondents have perception to cooperation. Americans are masculinity and individualism, but they are care about the cooperating, respecting female teammate at present. 50% of Chinese employees have emphasized the tremendous functionality of cooperating. Cooperation has a positive relationship with femininity: the more cooperative the firm is, the more feminine culture it becomes.
- In Question 7, The masculine culture usually associate with the strong ambition. From question 7, we could observe that a majority of employees are ambitious for promoting, regardless either Chinese or American they are.
- In Question 15, more than 50% believe trust is worthiness. Feminists tend to have strongest agreement with trustiness. American and Chinese cultures are turning towards femininity. Many authorized researches can tell the people

live in femininity country have good character, harmonious and good quality life, which is not just stay on the physical but spiritual level.

- The question 20 is aiming to test masculine value. The stronger a person agrees with this question, the more masculinity she is. More than half American employees agree or strongly agree this statement. 50% Chinese employees cannot decide, and 35% Chinese employees disagree with the statement.

In preceding three questions, there are no sharp differences between Chinese and American employees. The very last question reveals American workers and Chinese workers have opposed opinion on the attitude of life. Overall this dimension, national culture does not impact on Lenovo employees' values fiercely. All the questions show the femininity feature, it is reasonable that Chinese and American scores belong to femininity countries.

From the Chinese ideology, China is a feminine society. Since ancient times, Chinese people emphasize harmony between man and nature, put family at first and keep society harmony. Chinese people pursue spirit rather than the material comforts, an ultimate condition neither particularly ambitious nor metaphysical but immensely real (Fan, 1995). But in the reality, China is a masculine country. It is more obvious after "opening door" policy implementation (Xu & Wang, 2008). In the recent years, values trend to utilitarian. Wealth and social status in most cases are as a measure of success criteria. Rights and social relations become an important standard to judge personal ability, social roles of men and women become more different. The percentage of female managers in the management level is much lower than the percentage of male managers.

Americans are practical people who like challenges and enjoy solving problems. They address themselves for being pragmatic. They like to handle their own

problems and challenge the authorities. In business and professional life Americans are ambitious, competitive, and hard-driving (Hall & Hall, 1990). Those values show American society is masculine.

Above all, My data express finding that is - *both China and USA are low masculinity (femininity), but China is lower (more femininity).*

4.2.1.4 Uncertainty avoidance (UAI)

In Hofstede's uncertainty avoidance value table, The range from around 0 for the country with the weakest uncertainty avoidance to around 100 for the strongest. More countries were added, so that made the scores are larger than 100 (Hofstede, 2005, pp168). In his uncertainty avoidance index value table, high score appears in some of the European countries: 112 is for Greece, Portugal scored 104, 97 is for Belgium Flemish, and France is 86; Asian countries like Japan is 92, South Korea is 85 and South American country like Brazil 76. The medium scores are found in Taiwan 69, Germany is 65, and Finland is 59; Western African countries stand 54, and eastern parts stand 52. The countries closed to low are United States scores 46, India scores 40, and Great Britain scores 35. The low range reveals that China scores 30, Sweden is 20, Denmark is 23, Jamaica is 13, and Singapore is 8. All the Asian countries are medium low or low uncertainty avoidance values, only Japan and South Korea are exceptional.

In Hofstede's findings, Chinese UAI score is 30 and American UAI score is 36. China is low uncertainty avoidance country and USA is the country closed to low uncertainty avoidance.

In my data, China scores 44 and United States scores 42. Comparing Hofstede's rank, they both belong to medium low country, but USA is lower. The data may differ from Hofstede's finding, but the gap between China and United States are

still existed (see the bar chart 2).

Note: I consider that this little gap only occur into the Lenovo.

Also, there are four questions about Uncertainty avoidance for analysis, which is about the employees cope with challenge and ambiguous situation:

The question used to state the frequency:

Question 13: Nervous at work

And the agreement and disagreement with the following questions:

Question 16: One can be a good manager without having answers to most questions

Question 18: Competition between employees does more harm than goods

Question 19: Company rules cannot be broken even if the employee thinks is in the company best interest.

- In Question 13, Both China and America employees have high percentage on selection: “Sometimes” (Chinese percentage is 70%, American percentage is 60%). They have same working pressure on Chinese and American cultural background. However, American employees have 10% more feel rarely nervous than Chinese employees.
- In Question 16, even American and Chinese have peak percentage selection on “Agree” (where Chinese percentage is 75%, and American percentage is 40%), Chinese percentage is much higher than American percentage. Chinese employees experience owing broad interpersonal relationship net somehow surpassing by hanging abundant knowledge. The managers won’t be able to know everything, but they need to know arts of management. It also happens in the strong power distance organization.
- In Question 18, 40% of the Chinese and American employees did not decide, but 50% of Chinese and 30% American disagree. On this question, there is no

big cultural difference between Chinese and American employees.

- In Question 19, 50% of Chinese strongly agree the rules must not be broken. China is a high UAI country, no doubt, most of Chinese employees are not tough rules challengers. On the contrary, 35% of Americans haven't decided, and 35% of Americans disagree. They would like to take a chance, be willing to enhance the unreasonable rules.

In this part, question 16 and question 19 are standing out, but the degree of the contrary opinion is not vehement. That means distinguish between Chinese and American employees' uncertainty avoidance values are not naturally.

Chinese people do not like to take risks, but pay attention to obey rules and regulations observe regulations. In fact, the Chinese people are in long period of complacency state in the moral field, and demonstrate that Chinese cannot accept heresy. However in other areas, Chinese people show a generous tolerance, for things beside the realm of traditional morality, even they are unknown and uncertain (Han, 2000), the Chinese ideal of character, and from that understanding other qualities are derived, such as pacifism, contentment, calm, and strength of endurance, which distinguish the Chinese character (Fan, 1995). Chinese people can embrace them. For uncertain or ambiguous situations, the Chinese people do not feel particularly anxiety, and neither does research in advance nor build rules to reduce uncertainty. Chinese will test the each step before taking it.

Shane (1995) made a research in American multinational corporations. The low uncertainty avoidance was also associated with the innovation. This finding held across American organizations, different demographic characteristics of the respondents and the different functional areas in which they worked. That is the reason American has so many creative industry. The innovate organizations in the United States has shown resist new ideas and innovation process.

My finding is - *both China and USA are close to low Uncertainty avoidance; but China is higher than USA.*

4.2.1.5 Long-term and short-term orientation (LTO)

In Hofstede's long-term orientation value table (Hofstede, 2005, pp211), the scale 0 standardizes for the most short-term orientation, and 100 is for the highest long-term orientation. Notice that the score for China exceeds 100 because of the scale having been fixed after adding new countries (Hofstede, 2005, pp 210). The highest six long-term orientation countries are all from Asian countries, such as China scored 118, Hong Kong 96, Taiwan 87, 80 for Japan, Vietnam 80, South Korea 75 and India 61. The medium range high scores will be 50 for Hungary, Singapore 48, Norway 44, and Switzerland 40. The countries close to low long-term orientation (short-term orientation) are France 39, Italy 34 and Australia 31. The low long-term orientation counties (short-term orientation) are United States 29, Canada 23, Philippines 19. The lowest score is 0 for Pakistan.

In Hofstede's findings, Chinese LTO score is 118, and American LTO is 29. The Chinese rank is much lower than American one. China is long-term orientation country and USA is short-term orientation country. **My data** shows Chinese score is 43, and American score is 50. They both belong to medium high long-term orientation. China is no longer contemporarily placed on the peak, and United States is no longer to be short-term orientation. The employees working in Lenovo will be influenced by opposite national culture.

There are four questions about long-term and short-term orientation for helping analysis, which is about the employees' personal character:

The questions scale is from 1 to 5. 1 stands for outmost important, and 5 stands for very little importance or no importance:

Question 9: Personal steadiness and stability

Question 10: Thrift

Question 11: Persistence

Question 12: Respect for tradition

- Question 9 is "personal steadiness and stability", it can be found in negative pole (short-term orientation) (Hofstede, 2005, pp209-210). 30% of American selected the outmost importance, and 55% of American selected very importance; 15% of Chinese employees chosen the outmost importance, and 30% of Chinese employees chosen very importance. It means there is 85% American employees think "personal steadiness and stability" is highly important, while Chinese employees are 45%. Therefore, American culture is long-term orientation.
- Question 10, there is 95% American employees selected importance, and Chinese percentage is 55. In Hofstede's theory, "Thrift" belongs to long-term orientation (Hofstede, 2005, pp209). The result is American culture is long-term orientation.
- Question 11, All of Chinese and American employees highly believe persistence is important. Besides, 50% of Chinese employees chose the most important, while American is 30%. Here, Chinese and American values are both long-term orientation.
- Question 12, 70% American employees think respecting for tradition is quite noteworthy. Contrarily, 45% Chinese employees think it is extremely

significant. “Respect for tradition” is one of option in short-term orientation. Here, those figures show American culture is more short-term orientation than Chinese.

Looking through upper four questions, American culture seems like little more long-term orientation than Chinese. In long-term orientation dimension, no matter Chinese or American culture, opposite national culture influence Lenovo's organizational culture slightly.

In Hofstede's formula, he just used the data from selection: “Thrift” (Question 10) and the data from selection: “Respect for tradition” (Question 12). However, in his survey, there are four questions. This dimension becomes least reliable. Hofstede believed that China is high long-term orientation country. China scores 118 in his book, which is extremely high. United States scores 27. However, Lenovo's data shows Chinese and American scores have small distance. Shall we say Chinese long-term orientation culture edge close to American long-term orientation? At least, we could make sure that Chinese and American have almost same opinion on some aspects.

It is surprised to observe result. Chinese people are meant to be impressive by respecting the tradition, but it was not true. Target research population is young generation age from 25 to 39. American respondents are from age 40 to over 60. So the nationality may not be the determinate condition of the LTO, but the age somehow has influence.

Furthermore, Hofstede puts those dimensions into family, school and workplace. I consider Lenovo is the situation in workplace. Comparing American data, China have low long-term orientation than American. In economic area right now, Chinese strategy still is pursuing the maximum benefits. The long-term development will be ignored; Chinese puts more attention on the present

(short-term orientation). I agree with Kluckhohn and Strodtbeck's theory that Chinese social orientation is "static", emphasizing wait and see. Chinese waits until the time and opportunity become mature, and then takes an implementation. However in the economic field, China focuses on the present which is Hofstede's short-term orientation.

At last, **my finding** is obviously that *both China and USA are in the medium range of long-term orientation; but USA is higher than China.*

4.2.2 Practical implication

Because of Lenovo merging the former IBM PC Company Division, I interviewed the managers from the Lenovo; they gave me lots of their own views when they work in Lenovo and IBM. I collected many resources from the Lenovo documents and IBM documents (which are included news, articles, data and record). The employees are from China and United States. They present different cultural norms and values in the different cultural context.

These records were concluded to management strategy, work values, employees. Hofstede's five-dimension also existed in these three parts: (1) Management strategy, leadership is main factor. It can be linked to power distance dimension. (2) Work values, different nationality employees have different working faith. It presents collectivism-individualism dimension and Masculinity-femininity dimension. (3) Employees, the standard conditions of employers hire the employees could reflect uncertainty avoidance dimension and long-term or short-term orientation dimension.

4.2.2.1 Management strategy

Leadership is the main effect factor. The leader has the ability to influence the achievement. The final decisions coming from either the leader or employees are both particularly valuable

In IBM enterprise culture is superior and subordinate are equal, only difference is a division of work. There is no title card on the desk, no the parking reservation for managers and no just managers only food area. In order to collect the staff's opinions, IBM implements four two-way communication rules: 1. could have face-to-face interviews with senior managers, 2. Should inquiry the staff's opinions, 3. Speak out whatever you think, 4. Complain. Power-distance in IBM is weak.

In Lenovo, at the beginning of foundation, Lenovo is a state-owned enterprise. The strong bureaucrat-oriented value influences the practical work. Bureaucrat-oriented means that people measure the social status of a person in terms of the level of his official position. At one company meeting, the first speaker has to the topmost managers like the president and the vice-president. The subordinates should get along with the senior managers' idea to speak out their opinions. Those opinions not belong to subordinates, all come from the senior managers. Power-distance in Lenovo is strong.

4.2.2.2 Work values

Different nationality employees have different performance faith. IBM staffs purchase "the best and the prefect" faith, no matter the products or services are

both need the best and perfect standard. Hence, the staffs working in the office or discuss the business outside of the company both obey this rule. IBM is individualism and masculinity.

In Lenovo, their working faith is “the spirit of sacrifice”. They were like an army. The managers used the slogan and ideas motivation to inspire staffs’ passion. It is an effective manner when the group meets challenges one after another. Lenovo is collectivism and femininity.

4.2.2.3 Employees

The employers need to cultivate the employees’ growth environments; therefore, the employees have the sense of cohesion and belonging, which can create a harmonious and positive enterprise culture atmosphere.

The employers have standard conditions when they hire the employees. When IBM hire employee, they care about the value of that person. However, Lenovo will hire the person who can create the most of benefit for the firm.

IBM respects every staffs. The company encourages technical staffs to create. For decades, IBM develops lots of Nobel Prize winners and the U.S. Medals of Technology winner. IBM in the United States and around the world has tens of thousands patents. Only the use of intellectual property income created a very considerable wealth for IBM. Lenovo is also very concerned about the growth of employees, but Lenovo seems to focus more on sales performance.

IBM is long-term orientation and weak uncertainty avoidance, Lenovo is short-term orientation and strong uncertainty avoidance.

4.3 Conclusion

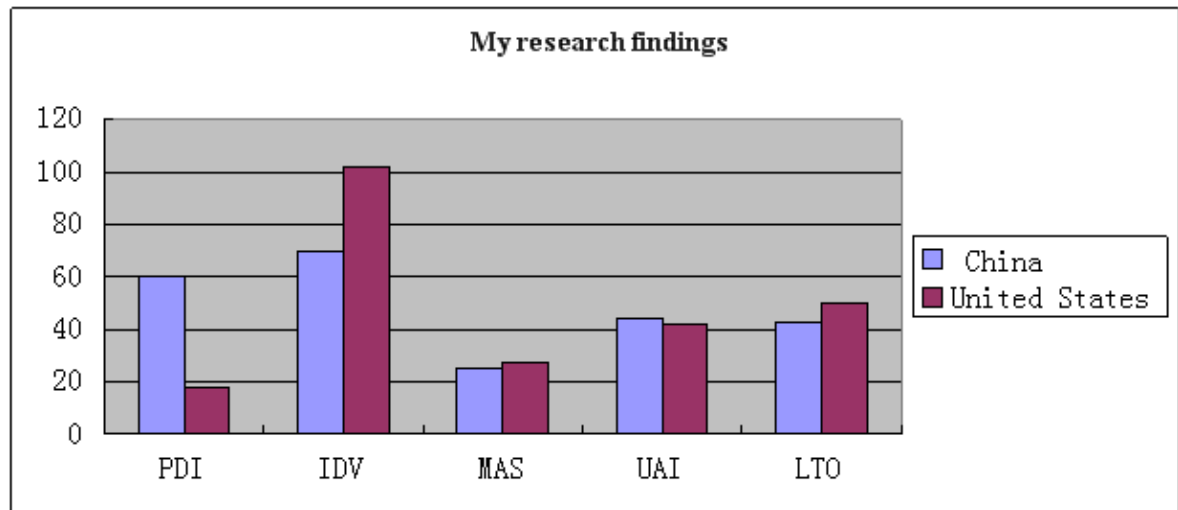
Through research, the dissertation discussed the comparison of new collected data and Hofstede's old data and the following conclusions are drawn.

Table 5: The comparison of my and Hofstede's findings

	PDI		IDV		MAS	
	My findings	Hofstede's findings	My findings	Hofstede's findings	My findings	Hofstede's findings
China	60	80	70	20	25	65
United States	18	40	102	91	27	62
Discrepancy	42	40	32	71	2	3

	UAI		LTO	
	My findings	Hofstede's findings	My findings	Hofstede's findings
China	44	30	43	118
United States	42	46	50	29
Discrepancy	2	16	7	89

The bar chart 2: The image of my findings and comparison of Chinese and American culture



The changing of the Hofstede's five dimension is related to the possibility of people changing their value when they work in a M&A company. According to analysis of the questionnaires, documents and interviews, my comparison results are showed in table 7, or contrasted the bar chart 2 with the bar chart 1. The ranks of masculinity & femininity dimension (China scored 25; United States scored 27) and uncertainty avoidance dimension (China scored 44; United States scored 42) have changed but their gaps are both not obvious. It is still different from Hofstede's findings. Long-term and short-term orientation rank have changed too, its gap (China scored 43; United States scored 50) is bigger than masculinity and femininity and uncertainty avoidance. However, power distance (China scored 60; United States scored 18), individualism and collectivism (China scored 70; United States scored 102) orientation's rank did not change, the gaps between China and United States are both large. In Hofstede's research, the gap of masculinity and femininity dimension between China and United States (China scored 65; United States scored 62) is not obvious too. The gap of uncertainty avoidance dimension is bigger (China scored 30; United States scored 46). The gap of long-term and short-term orientation (China scored 118; United States scored 29) is extremely large. Above of all, the differences what Hofstede found is not completely suitable for the present M&A company.

CHAPTER FIVE CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The research studied the cultural differences in Lenovo by using Hofstede's five dimensions. The research methodologies mainly included: the questionnaire survey to the Chinese and American employees in Lenovo; the interview of the Lenovo's managers and workers who had the experiences worked in IBM; and reading and analysis the documents about culture differences in international company.

After the part discussing in paragraph 4.3, the conclusions as following:

First, they show the cultural differences are still existed and national culture influence organizational culture relatively. In my findings, the Chinese scores and American scores in every dimension are different. They are similar to Hofstede's findings, there are big gaps between PDI and IDV. It shows the culture differences are still existed. The ranks of MAS, UAI and LTO have been changed, but the gaps are small. It explains the organizational cultures are influenced by Chinese and American cultures, and Chinese culture and American culture tend to integration.

Second, the employees will not change norms and values too much when they work in the different cultural context. Comparing my and Hofstede's findings, it is same that the gaps of PDI and IDV are big. And the gaps in MAS, UAI are not distinct. However, the changing is still excited. My findings show that China and United States are both relative individual value. The ranks of MAS, UAI have been changed. Both China and United States are femininity now. The gap of LTO is much smaller.

5.2 Recommendation

In the international M & A activity, the cultural differences will not change with the different cultural context in the very short period. The most important demand is to find out how to understand the ideas from the other countries and how to deal with the cultural differences. Therefore, I would like to give some suggestions to improve how Chinese company to merge culture in the international M&A activities.

5.2.1 Observation

At the beginning of the M&A activity, two different cultures need to be maintained. It is necessary to observe cultural differences and cultural conflicts. Let the problems come out. It could help to reduce the pressures from the unstable element and potential risk. Meanwhile, listen to the foreign employee's appeal is the positive contribution of cultural understanding.

From the observation, Chinese company gains an opportunity to study the advanced consciousness and the management. Chinese company should hold a acceptable attitude and open a new horizon.

5.2.2 Foreign employees need to know "Guan xi"

Foreign employees have to deal with the “Guan xi” with the coworkers who have different national culture. The english meaning of “Guan xi” is “relationship”. At present, if you want to be a successful Chinese international company manager,

you have to be good at guan xi (Tsang, 1998). In Chinese words, “guan” means gate exit, and “xi” means connection and contact. This interaction is very important in China. Some people think guan xi is negative. The managers working in China have to adopt a measure to prevent the employees in order to achieve great individual development and commercial benefit to bribe and offer kickback. However, Ed wood worked in the United States chamber of commerce in Shanghai said, "guan xi does not mean you could do whatever you want to after transaction underground." It just means, the relationship of business partners is rather more deep and close than Western standard. In Chinese international company, “Guan xi” is a sensitive word. This word is translated directly means “relationship”. But, I think it includes the meaning of interpersonal relationship net, it is the connection between people and people.

5.2.3 Creating a new culture

The new culture is absorbing the advantages from both cultures then establishing a new value in the company. This new culture should be specialized and suitable for the M&A company. Moreover, the supervisors need adjust and blend two different cultures at the earliest time and find out the balance at the end. The new culture will be extent from the supervision level to the subordinate level.

How to make a new culture come out? The company could set up a department in charge of merging culture, cultural conflict and cross-cultural cultivation. The cross-cultural cultivation enhances the understanding and trust among the employees. It can make supervision consider the local marketing to implement the adaptive business strategy.

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ABSTRACT

During the economic transformation, Chinese enterprises are facing the dramatical change due to internationalization. This change brings unlimited opportunities and enormous challenges to China. Appropriate methods and competent management are the key factors to make this transition of internationalization successfully. In the cross-border M & A activity, the Chinese enterprises and managers are seeking ideas and methods of the understanding the cultural differences.

Cross-cultural management is not only a science but also an art, it is constantly developing in the practice. For those enterprises who are or will be carr out y cross-border mergers and acquisitions , they should establish a vision based on the culture, to make full preparation for businesses adapting the dynamic development in the future.

My research is based on the Hofstede's five dimensions to study culture differences in an international company-Lenovo. The questionnaire survey, interviews and documentations were used for collecting the data. My research problem are- *is Hofstede's research still true when we study cultural differences in a Chinese international organization?* and *does the national culture still influence the organizational culture?* It showed that what Hofstede found is not completely suitable for the present M&A company. the ranks of masculinity & femininity dimension, uncertainty avoidance dimension and Long-term and short-term orientation have changed. The cultural differences in the company is still existed, national culture does influence the organizational culture in some degrees.

V S M 9 4

VALUES SURVEY MODULE 1994

QUESTIONNAIRE

English version

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INTERNATIONAL QUESTIONNAIRE (VSM 94)

Please think of an ideal job, disregarding your present job, if you have one. In choosing an ideal job, how important would it be to you to ...

- 1 = of utmost importance
- 2 = very important
- 3 = of moderate importance
- 4 = of little importance
- 5 = of very little or no importance

- | | | | | | | |
|----|---|---|---|---|---|-----|
| 1. | have sufficient time for your
personal or family life | 1 | 2 | 3 | 4 | 5 |
| 2. | have good physical working
conditions (good ventilation
and lighting, adequate work
space, etc.) | 1 | 2 | 3 | 4 | 5 |
| 3. | have a good working relation-
ship with your direct superior | | 1 | 2 | 3 | 4 5 |
| 4. | have security of employment | | 1 | 2 | 3 | 4 5 |
| 5. | work with people who cooperate
well with one another | 1 | 2 | 3 | 4 | 5 |
| 6. | be consulted by your direct
superior in his/her decisions | | 1 | 2 | 3 | 4 5 |
| 7. | have an opportunity for advance-
ment to higher level jobs | 1 | 2 | 3 | 4 | 5 |
| 8. | have an element of variety and
adventure in the job | 1 | 2 | 3 | 4 | 5 |

In your private life, how important is each of the following to you?

- | | | | | | | |
|-----|-----------------------------------|---|---|---|---|---|
| 9. | Personal steadiness and stability | 1 | 2 | 3 | 4 | 5 |
| 10. | Thrift | 1 | 2 | 3 | 4 | 5 |

11.	Persistence (perseverance)	1	2	3	4	5
12.	Respect for tradition	1	2	3	4	5

INTERNATIONAL QUESTIONNAIRE (VSM 94)

13. How often do you feel nervous or tense at work?
 1. never
 2. seldom
 3. sometimes
 4. usually
 5. always
14. How frequently, in your experience, are subordinates afraid to express disagreement with their superiors?
 1. very seldom
 2. seldom
 3. sometimes
 4. frequently
 5. very frequently

To what extent do you agree or disagree with each of the following statements?

- 1 = strongly agree
2 = agree
3 = undecided
4 = disagree
5 = strongly disagree

- | | | | | | | |
|-----|---|---|---|---|---|---|
| 15. | Most people can be trusted | 1 | 2 | 3 | 4 | 5 |
| 16. | One can be a good manager without having precise answers to most questions that subordinates may raise about their work | 1 | 2 | 3 | 4 | 5 |
| 17. | An organization structure in which certain subordinates have two bosses should be avoided at all costs | 1 | 2 | 3 | 4 | 5 |
| 18. | Competition between employees usually does more harm than good | 1 | 2 | 3 | 4 | 5 |
| 19. | A company's or organization's | | | | | |

rules should not be broken -
not even when the employee
thinks it is in the company's
best interest

1 2 3 4 5

20. When people have failed in life
it is often their own fault

1 2 3 4 5

INTERNATIONAL QUESTIONNAIRE (VSM 94)

Some information about yourself (for statistical purposes):

21. Are you:
 1. male
 2. female

22. How old are you?
 1. Under 20
 2. 20-24
 3. 25-29
 4. 30-34
 5. 35-39
 6. 40-49
 7. 50-59
 8. 60 or over

23. How many years of formal school education (or their equivalent) did you complete (starting with primary school)?
 1. 10 years or less
 2. 11 years
 3. 12 years
 4. 13 years
 5. 14 years
 6. 15 years
 7. 16 years
 8. 17 years
 9. 18 years or over

24. If you have or have had a paid job, what kind of job is it / was it?
 1. No paid job (includes full-time students)
 2. Unskilled or semi-skilled manual worker
 3. Generally trained office worker or secretary
 4. Vocationally trained craftsperson, technician, informatician, nurse, artist or equivalent
 5. Academically trained professional or equivalent (but not a manager of people)
 6. Manager of one or more subordinates (non-managers)
 7. Manager of one or more managers

25. What is your nationality?

26. What was your nationality at birth (if different)?

Thank you very much for your cooperation!

Appendix II : The question analysis table about questionnaire survey

Power distance (PDI)

Table 1: Question 3 “Have a good working relationship with your direct superiors” frequencies in %

	Outmost Importance (1)	Very important (2)	Moderate importance (3)
China	35	50	15
United States	45	45	10

Table 2: Question 6 “Be consulted by your direct superiors in his/her decisions” frequencies in %

	Outmost Importance (1)	Very important (2)	Moderate importance (3)	Little Important (4)	Very little or no importance (5)
China	5	15	25	40	15
United States	30	40	30	X	X

Table 3: Question 14 “Subordinates are afraid to express disagreement with their superiors” frequencies in %

	Very seldom(1)	Seldom (2)	Sometimes (3)	Frequently (4)	Very frequently (5)
China	25	35	25	15	X
United States	5	5	50	35	5

Table 4: Question 17 “An organization structure in which certain subordinates have two bosses should be avoided at all cost” frequencies in %

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)
China	60	10	25	5
United States	15	25	20	40

Collectivism vs. Individualism (IDV)

Table 5: Question 1 “Have sufficient time for your personal or family life” frequencies %

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)	Little importance (4)	Very little or no importance (5)
China	50	25	20	X	5
United States	50	40	10	X	X

Table 6: Question 2 “Have good physical working conditions” frequencies %

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)
China	20	40	40
United States	35	40	25

Table 7: Question 4 “Have security of employment” frequencies %

	Outmost importance (1)	Very importance (2)	Moderate importance (3)
China	15	40	45
United States	40	35	25

Table 8: Question 8 “Have an element of variety and adventure in the job”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)	Little importance (4)	Very little or no importance (5)
China	5	15	35	40	5
United States	60	15	20	5	X

Masculinity and femininity (MAS)

Table 9: Question 5 “Work with people that cooperate well”

	Outmost importance (1)	Very importance (2)	Moderate importance (3)
China	15	35	50
United States	65	15	20

Table 10: Question 7 “Have opportunity of promotion”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)	Little importance (4)
China	45	40	10	5
United States	30	65	5	X

Table 11: Question 15 “Most people can be trusted”

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)
China	10	60	20	10
United States	5	55	20	20

Table 12: Question 20 “When people have failed in life, it is often their own fault”

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly Disagree (5)
China	5	10	50	25	10
United States	5	50	30	10	5

Uncertainty avoidance (UAI)

Table 13: Question 13 “How often do you feel nervous at work” frequencies %

	Seldom (2)	Sometimes (3)	Usually (4)
China	5	70	25
United States	25	60	15

Table 14: Question 16 “one can be a good manager without having answers to most questions” frequencies %

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)
China	X	75	X	25
United States	20	40	15	25

Table 15: Question 18 “Competition between employees does more harm than good” frequencies %

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly Disagree (5)
China	5	X	40	50	5
United States	5	20	40	30	5

Table 16: Question 19 “Company's rules should not be broken not even if the employee thinks it is in the company's best interest” frequencies %

	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly Disagree (5)
China	50	15	15	15	15
United States	10	20	35	35	X

Long-term and short-term orientation (LTO)

Table 17: Question 9 “Personal steadiness and stability”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)
China	15	30	55
United States	30	55	15

Table 18: Question 10 “Thrift”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)	Little importance (4)	Very little or no importance (5)
China	5	15	35	20	25
United States	10	40	45	5	X

Table 19: Question 11 “Persistence”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)
China	50	15	35
United States	30	35	35

Table 20: Question 12 “Respect for tradition”

	Outmost importance (1)	Very importance (2)	Moderate Importance (3)	Little importance (4)	Very little or no importance (5)
China	5	5	35	35	20
United States	5	35	30	20	10